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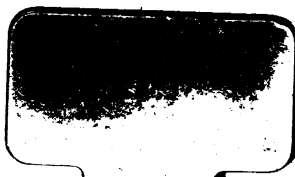
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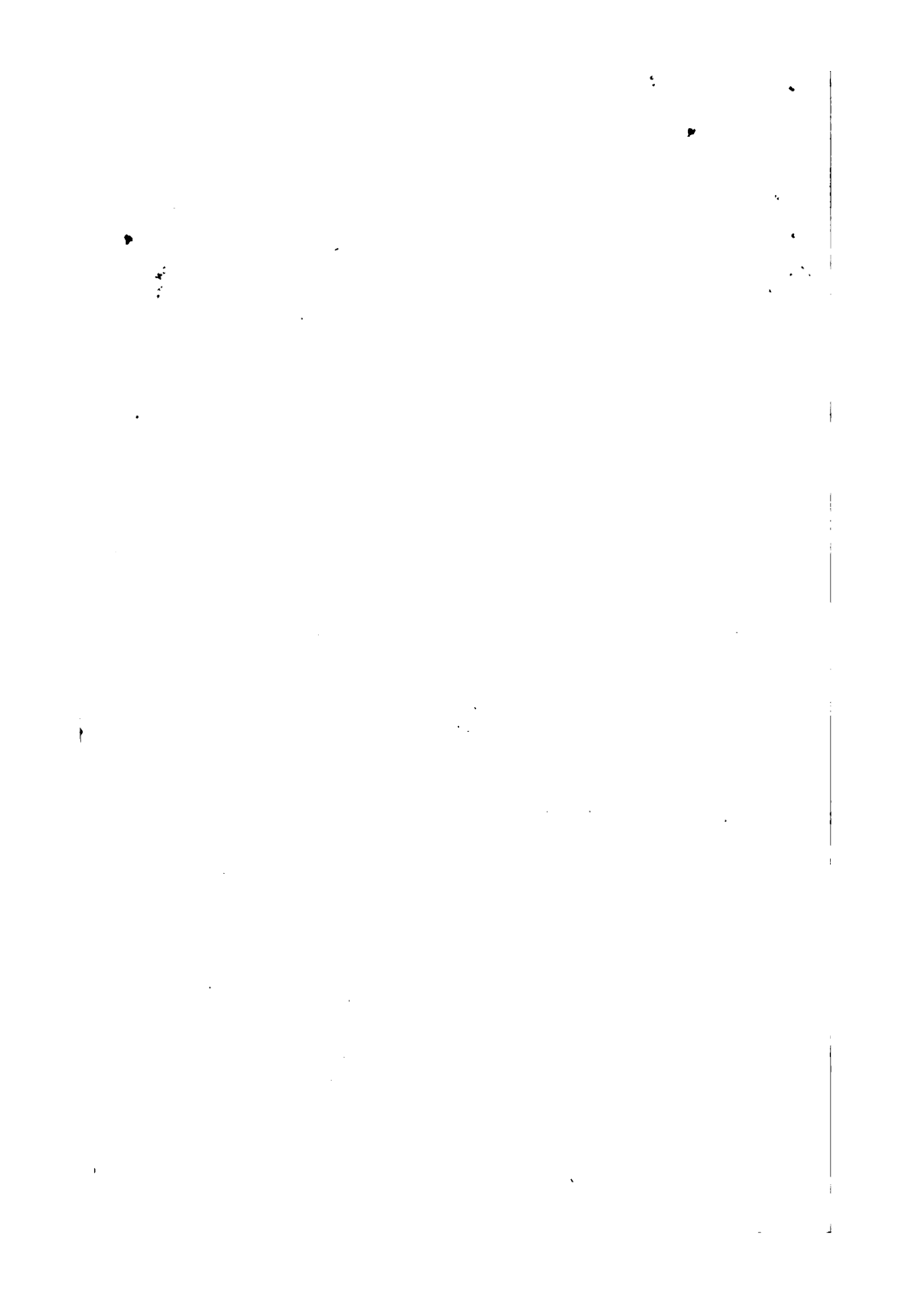
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MONETARY FRAUDS
AND
EXTORTIONS.

Ballantyne Press
BALLANTYNE, HANSON AND CO.
EDINBURGH AND LONDON

HARPY, s. A swindler; a cheat; an extortioner; a ravenous wretch.
Vide LEXICON.

How the Public are Plundered

BY

*Promoters of Companies,
Foreign States, Syndicates, and
Money-Lenders.*

WITH

DIRECTIONS HOW SAFE INVESTMENTS MAY BE MADE
AT MODERATE INTEREST.

DISSERTATIONS ON

THE VALUE OF PROPERTY,

AND AN EXAMINATION OF THE QUESTION,

"Is Life Assurance as an Investment worth the Premiums Paid?"

ALSO

RULES FOR VALUING A POLICY AT ANY PERIOD.

BY AXFORD PACKER.



LONDON:

HAMILTON, ADAMS, & CO., 32 PATERNOSTER ROW.
1878.

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PART I.

INTRODUCTION.

“HUMAN Vampires and their Victims!” Such was the startling title we had intended to have conferred upon this book; but upon consulting Dom Calmets as to the manners and customs of these beings, we feared the title would scarcely be appropriate, because in his “Dissertation sur les Vampires” he says, “The vampire is a dead man who returns in body and soul from the other world, and wanders about the earth doing every kind of mischief to the living. Generally he sucks the blood of persons asleep, and thus causes their death. Those who are destroyed in this way become vampires. The only manner of getting rid of such unwelcome visitors is, according to the same author, to disinter their bodies, to pierce them with a stake cut from a green tree, to cut off their heads, and to burn their hearts.”

Hence, upon reflection, we considered the title, though figurative, would have been hardly correct, for the obvious reason that the operations of these resuscitated beings conferred upon their victims a reciprocity of action by giving them the privilege of feeding

on other bodies, whilst the nature of the things we are about to describe is to extract all they can from their prey, leaving them in most cases too exhausted to recoup their strength by a process of mutuality.

Another reason why we abandoned the title of Vampire is, that, if we mistake not, a somewhat similar title has been adopted before in a book relating to Stock Exchange transactions; and we have no intention to steal other people's thunder.

Afterwards we had intended to *piscatorialise* the persons whose transactions we are about to comment upon by the name of "Land Sharks"—a very suggestive description, still, a little hackneyed; and but for the latter blemish we should certainly have considered the title eligible, especially as Walker describes a shark to be "a greedy, artful fellow, one who fills his pockets by sly tricks; trick, fraud, petty rapine."

Not being, however, quite satisfied with either of the foregoing names, we have invoked the aid of heathen mythology, the result whereof is that "Harpies" is the euphonious name by which we have thought fit to *harpyise* the crew of individuals known as promoters of bubble companies, chairmen, and directors who abuse the trust reposed in them by buying at one price and charging another, and money-lenders in general, by whatever name or title they may call themselves, who extort interest at a higher rate than twenty per cent. per annum.

In mercy to those individuals, permit us to say

that although we designate them Harpies, we do not mean to say they are quite such monsters as were Aello, Celæno, and Ocypete; we prefer rather that the definition of a recent lexicographer should attach to them; because he says a Harpy is a swindler, a cheat, an extortioner. But if any money-lender thinks the term swindler too strong, he may go to the milder one of cheat, and if that seems a little too severe, let him fall back upon the milder noun, extortioner; and if, in his transactions, he receive interest at a higher rate than twenty per cent. per annum, we do not think he can escape the despicable word extortioner, for such he certainly is.

It may be reasonably supposed that we have come within the gripe of the harpies, and that retaliation is the mainspring of this production. We beg, however, to say most emphatically that personally we have never had anything to do with them either as borrower or surety, and trust we never shall. We have always given them a wide berth, and ever mean to do so; and sympathy with the persons who have been victimised, and a strong desire to caution others against being decoyed into the gins which are laid for them, are the forces which impel us.

The race of monsters is now so numerous, and the increase of the species so rapid, that they are absolutely becoming a danger as well as a nuisance. Hardly a wall you pass, scarcely a hoarding upon which a bill may be posted, from which the glare of the eyes of the monster does not look

down upon you, and from whose false tongue the words "Money! money!! money!!!" does not greet you. Barely a provincial newspaper, whose circulation is in a large town or city, that does not contain advertisements containing the grossest misstatements and lies. Only at the time of writing this chapter we take up a newspaper published in a town in the West of England, and there notice no less than two dozen consecutive advertisements by money-lenders and others, some of whom call themselves by the spacious and specious names of "Financial Societies," while one individual has the impudence and cruel irony to designate himself the friend of the needy. We can only say to the needy who have no other friends than these, "God help you," for the only help you will get from these advertisers is to be helped and relieved of every shilling you have, and your furniture perhaps cleared out, and your wives and children turned homeless into the street.

Now and for many years past the number of unsuccessful schemes that have been started, some with the best of intentions, but by far the larger number with no other object than to benefit the schemers whose wits invented them, is truly appalling; and the distress of mind and body which must in the aggregate have resulted therefrom must be far beyond our descriptive powers. But in the course of the following pages we shall strive to point out as accurately as we can the rocks and sands upon which many a deserving family mariner has ruined his bark.

and household crew; and we hope and trust that by marking these rocks and sands somewhat strongly on the chart, that others may escape the danger and sheer off on another tack.

To drop metaphor and figure, let us say plainly that as regards loan societies our desire is to exhibit the rapacity of lenders and the stupidity of borrowers; the best evidence of the former being the exorbitant interest, and the real or fictitious law charges and inquiry fees charged by them, and the stupidity of the latter is manifested by their having any dealings with such concerns.

As we have before said, any one of the money-lenders may appropriate to himself, or repudiate if he thinks he does not deserve it, the title we have given him; and so also may borrowers on a large scale, such as promoters of companies, some of which have not had, and never was intended to have, an existence. So also may the negotiators of foreign loans, for they are all as bad as each other in principle, or, to speak more correctly, in the want of it; and if this treatise be the means of inducing the weak to look before they leap, and keep their money invested in securities paying a moderate interest, or even at home lying idle rather than lose it in the schemes and machinations of the cunning, our labour will not have been in vain.

We hope, however, to go beyond the line of advising what to avoid. Our intention is to throw out in the second part suggestions as to the securities

which should be selected to combine safely with a low or moderate rate of interest rather than jeopardise capital to procure immediate advantage in exchange for prospective ruin.

On the subject of wounding the feelings of any person we are particularly sensitive, and hence would observe, that if any money-lenders or society think our strictures too sweeping in their condemnation, let them lay to their hearts the peaceful and consoling reflection that "Virtue is its own reward," and that the censures cannot be intended for them. And as to the worst type of extortioners, we have no desire to have them decapitated as human vampires were served, our bitterest feelings towards them being that their hearts may be softened by the withdrawal of the food upon which they feed, which can only perhaps be effectually accomplished by the embarrassed gaining prudence and wisdom, and keeping as far from their machinations as possible. Then, and perhaps not till then, although legislation may do much, will their occupation be gone, and necessity compel them to turn their hands to other callings, less dishonourable to themselves and more profitable to society.

CHAPTER I.

STOCK JOBBERS' PAMPHLETS, AND THE DESIGN OF THEIR AUTHORS.

At the present time it is a very common practice for stock-jobbers to write pamphlets professing to convey through their pages a large store of valuable wisdom on financial matters. They are, however, for the most part like the effusions written by quack-doctors, who use their productions as vehicles for the sale of various nostrums, and for mulcting the nervous and incautious of large fees for making them worse rather than better in their bodily health; so, by analogy, the writers of some of these monetary books never fail to hold prominently before you the fact that they are stock and share-brokers, and induce you to suppose that they have unusual facilities for acquiring a knowledge which none of their brethren on the Stock Exchange possess. And the analogy holds good still further; for inas-much as an application for a book gives the quack-doctor quasi-intimation that you stand in need of the medical skill he professes to be so great a master of, he shortly afterwards writes to you, either

anonymously or in a feigned name, recommending a consultation with Dr. Destroyum, from whom he declares he has received astounding advantage; so the authors of some of the Stock Exchange pamphlets, of whom you may purchase a copy, but to whom, bear in mind, a direct application must be made so that they may have your name and address, conclude you have money to invest, and in a short time after you receive a letter from the author, whose pamphlet you have purchased, in which he vigorously recommends you to purchase the stock or shares of some rickety knock-kneed scheme, which he has a powerful motive for shifting off the shoulders of himself or clients to those of others.

We would confirm our assertions by referring to a circumstance which very forcibly impressed us as being one of the dodges resorted to by the writers of such pamphlets to palm off upon the credulous useless stock in return for valuable money. Seeing in the London papers the advertisement of a book, the precise title of which we do not think fit to mention, though hundreds and thousands have seen the same announcement within the past year, we sent for it, thinking that when we had remitted the money and received the book the transaction was at an end. But it was not so; for, to our surprise and annoyance, we received from the author, a few days after, a letter apparently written, not lithographed or produced by any manifold process, of which the following may be considered a copy,

with this exception, that we have suppressed the real name of the writer, the style of the company, and have disguised the diction, so that the system, and not the individual may be pilloried for the benefit of the public.

"In my treatise recently forwarded to your address, attention is directed to the desirability of investment in the shares of 'The Great Balloon Copper Company' and 'The Tomfoolium Consols Mining Company, Limited.' I have much pleasure in stating that I am in a position to favour you with from five to five hundred shares at par (ten pounds) free of commission.

"As a proof of the soundness of my advice I would draw special notice to the fact that 'Leadenhead' and 'Numskull' are now selling at from ten to twenty, although I had much ado to prevail on my friends to invest in them when at three.

"I think the result of a sum placed in 'The Great Balloon Copper Company' would prove the sincerity of the interest I take in your welfare, and that a similar advance in price can be confidently, if not certainly, reckoned upon.

"The favour of a reply will oblige, Yours truly,
"A. BULL."

What right a stranger, living a hundred miles away, has to write us such a letter, we are at a loss to conceive; but what were his motives for doing

so we can form a very shrewd guess. In truth, whether rightly or wrongly, we are driven to the conclusion that friendliness towards us, and a strong desire to promote our pecuniary welfare, could not have been the motive power; whence, we are conversely disposed to think that the opposite of our personal interest must have prompted the letter, and that the writer, so far from benefitting us, really wished to foist upon us stocks or shares of some kind, perhaps worse than useless; something probably upon which four or five pounds had been paid and upon which perhaps the sagacity of the writer led him to know for certain that other calls would speedily be made.

That we listened not to the voice of the charmer we need hardly inform our readers, nor did we even favour him with a reply, feeling that the casual purchase of a pamphlet did not justify the author in attempting to impose upon us shares in the "Great Balloon Company" or any other.

Another mischievous device adopted by a certain class of stock-jobbers is to issue a monthly stock list, and use the same as the means through which to make, in the shape of friendly advice, the most damaging statements they can, but in a most insinuating way, against some specific company or companies, with a view to deteriorate the property as much as possible, and thus scare timid holders into selling. These same men, or "bears" as they are termed on the Stock Exchange, take advantage of

the mischief they have wrought to become purchasers, and thereby realise a large sum of money at the expense of the nervous shareholders whose property they have unscrupulously damnified.

Were we disposed to be invidious we could lay our finger upon more than one company, which has been subjected to those damaging comments, on which ten pound fully paid up shares have been forced down to about half their value, and now, only about two years after, the same shares are selling above par. As shareholders, we were certainly annoyed by receiving at periodical intervals a stock-list in which the compiler always went out of his way to do as much damage as he could to these particular shares, but our confidence in the soundness of the undertaking, under better management, was not to be shaken by such dismal and unfounded prophecies as were found in the list we are now alluding to, and we retained our shares despite the warnings of those interested animals, the bears of the Stock Exchange.

Investors may be led astray by Stock Exchange "bulls" as well as bears, and even by the public press, and look at securities in too favourable a light through the medium of both these agencies. Two or three years since we were very strongly impressed with the mighty change that had come over the Peruvian six per cent. stock in the course of a twelvemonth. This very security was lauded in the money articles of some of the London Daily

Papers as being amongst the safe high-interest-paying foreign stock. The quotation was then seventy-one, and in, as nearly as possible, a year after, the figures were reversed and the stock stood seventeen, but any quantity of it may now be purchased at fifteen.

The question may very naturally present itself to our readers, how they are to know whether the statements made are reliable or false; to which we reply, that they have no such means except through other and very different channels; but of this they may be certain, that the stock-jobber, who sends them a pamphlet, is not in a better position to know the value of investments than are the London stock-brokers who act as agents for provincial bankers. Hence, our advice is, do not be tempted to waste money in purchasing any of the securities strongly recommended to you by this or that unknown and untried jobber. For, in the first place, his knowledge is not more extensive, though his personal interest may be, than the brokers of a bank; nor are the charges for transacting the business less, because, as a rule, these are fixed and vary according to the nature of the stocks or shares and the extent of the purchase or sale.

A strong safeguard, then, appears to us to consist in consulting your bankers as to any contemplated investment, the nature of which you are not perfectly acquainted with; and if they cannot speak with certainty, they are usually very willing to write to

their London brokers. And in following this course you have the further advantage, that a banker will not advise you to purchase a rotten or doubtful thing, for the sake of the commission on the purchase; but he may possibly dissuade you altogether from meddling with it, and thus save you from serious loss. It will thus be readily perceived that the advice proffered by one who strongly recommends a thing, because he wishes to get rid of it, and the banker whom you consult, and for the credit of whom it is absolutely essential that his dealings and advice should be above suspicion, are two very different things; and it demands no forcible language to indicate in which direction the preference should be given.

The gist, then, of this chapter is to remove, if possible, from the minds of our readers the credulity which they are prone to repose in statements coming from interested sources, and look with a certain amount of suspicion upon all statements they have not the means of verifying, so that they may thereby keep their money in their own possession, instead of making others the custodians, through exaggerated, and oftentimes false assertions; and thus having to suffer the annoyance of losing their money, and the mortification of knowing that they have been made the dupes of crafty and unprincipled schemers and market-riggers.

The following extract from "Truth" will show the expedients to which stock-jobbers have recourse when the money market is in an abnormal state

from war and other causes, and as the latter part of that article so exactly coincides with our own views we gladly insert the quotation:—

“The rise and fall of prices on the Stock Exchange are entirely due, at present, to rumours. As the public are neither investing nor speculating, the members of the Stock Exchange are reduced to prey upon each other. The plan is simple. A dozen or more buy a security ‘for the next account.’ They then put forth a report—for instance, that the war is about to close, owing to the mediation of Germany. This is certain to be confirmed by the telegram from the correspondent of one or other of the daily newspapers, either in Germany, Austria, France, or Russia, for when a correspondent has no war news, and, in fact, no news of any sort, he evolves out of his moral consciousness a scheme of mediation, in order to give a smack of interest to his communications. Not even on the Stock Exchange is the report believed, but a second gang think that if they buy the security that is being puffed by the first gang, at the slight advance, which seems a profit to the latter, they may, in their turn, sell it to a third gang, who would purchase it at an enhanced price, with a view to sell it at a still higher price to a fourth gang. The last gang that takes up the ball is the eventual loser, and the gains on the transaction are apportioned to the different gangs who have successfully kicked the ball. Then the operation is reversed, and the ball is kicked back to

the point from which it started. What, then, should an investor do? Should he purchase what are termed first-class securities, that return him little above three per cent.? No, because the price of these securities rules too high for the moment. Should he buy wind balls? Assuredly not. If he can find any security, returning him a living rate of interest, which is to be purchased for what is intrinsically less than its value, he should invest his money in it. In making this choice he should not, however, act upon imperfect data, or take, without considerable doubt, advice tendered to him. If he is not reasonably sure of his data, he should keep his money in hand, and wait patiently for prices to bear a nearer relation to value. 'When in doubt, take the trick,' is all very well in whist; but in investing, the axiom is, 'When in doubt, keep your money.'"

CHAPTER II.

LIMITED LIABILITY PARTNERSHIPS, AND THE FICTITIOUS
DATA UPON WHICH CALCULATIONS ARE MADE TO
ENSNARE THE PUBLIC INTO THE BELIEF THAT PRO-
JECTED SCHEMES MUST PAY HIGH DIVIDENDS.

THESE partnerships open up the way for an indescribable amount of chicane, deception, and imposture, as too many can, we fear, and indeed know, emphatically attest, who, by glittering announcements and lying prospectuses, have been lured into becoming shareholders in some of the swarms of swindles which now afflict the land. At many periods of our commercial history, from the South Sea scheme and Tulip mania downwards, financial bubbles have been blown, but in no proportion whatever to the wind-bags of the present period.

Should you happen to be a registered shareholder in almost any company, whether railway, tramway, or otherwise, you must at times have been astounded at the amount of money spent upon you for printing and postage by the promoters of various schemes with the object of persuading you to invest—or *to sink*, would, in most instances, be the correct phrase—

your money in one concern or another, which they endeavour to convince you must be of immense advantage as a means of profitably investing your money.

And we particularly notice and deplore the almost universal practice these self-constituted advisers of our pecuniary welfare have of posting their precious documents on Saturdays, so that they may come to hand on the Sabbath morning, when it is assumed the recipients in the country have leisure to read and study them. Were everybody like ourselves, these circulars would simply mean so much money wasted, and the authors of them would find it more to their advantage to post them on a proper working day, so that they might be received during the working days of the week, and not on that particular day above all others when the mind should be untrammelled with schemes and devices for heaping up money. For our practice is to throw them behind the fire, having as little confidence in the men who can disseminate their abominations on such a day as we have in the undertakings in which they invite us to participate.

There are in connection with most of the contemplated joint-stock limited liability undertakings a set of men going to and fro in the world, whose object is to make as much plunder as they can by their wits, caring nought at whose expense so long as they fill their own pockets. In their wanderings up and down the earth they get information of

concerns which are not quite so prosperous as their owners might desire; still some of them are "going concerns," as the phrase now is. These promoters place themselves in communication with the proprietors, and certain terms are ultimately agreed upon, and a prospectus issued with the names of sundry persons inserted as chairman, directors, secretary, bankers, and solicitor, some of whom, probably the greater number, have promoted, and are, or have been, shareholders and directors of kindred companies.

The great object of these astute schemers is to raise what is termed the capital of the company in so many hundreds or thousands of shares at so much per share. It may be in one, five, ten, or twenty pound shares, according to the nature of the company and the objects for which it is supposed to be instituted. If it be anything likely to catch the industrial classes, such as "The Philanthropic Mutual Aid Co-Operative Industrial Life Assurance, Annuity-Granting, and Funeral-Providing Association," then the title would be very long, to daze and deceive them, while the value of the shares would be placed at a pound, to give them the opportunity of losing their hard-earned savings for the benefit of their more cunning but unscrupulous fellow-men. On the other hand, should the prospectus be that of "The Jeremy Diddler Weal Consols Gold Mining Company," or "The Central African Navigation Company," formed for the purpose of conveying

ships from Cape Colony to Buddo-juddo by land, to save the expense of unshipping the freight, then the shares would probably be twenty or fifty pounds each, to entice the credulous part of the monied community.

To make undertakings of this class a success as regards raising the capital, it must by some means or other be demonstrated to the inquisitive that the thing will pay; and this is achieved by a dodge which, on the face of it, carries to the minds of the intended investors irrefragable evidence that the minimum dividend which can at any time be paid will be fifteen per cent. at the least, and this under any circumstance, however adverse.

To arrive at this comfortable result, the ordinary course is to start with an assumption that a certain gross income must accrue, such being always fixed at a sum that will cover the promised interest of say ten or fifteen per cent. after paying all expenses.

The premises are perfectly imaginary upon which the structure rests, and the calculations are consequently thoroughly unreliable; but what matters that, think they, so long as the investors are satisfied. The *modus operandi* may, for the purpose of elucidation, be described thus:—Suppose a person to be the owner of an old disused chapel or meeting-house, or of a skating rink which has proved a failure, or a tannery that has come to grief, one of those active minds called promoters suggests to the proprietor the desirability of forming a joint-stock limited

liability company, with a capital of twenty thousand pounds in one thousand shares of twenty pounds each. To get a sufficient number of silly people to take the shares, a prospectus of the intended company is sent to a large number of shareholders in other undertakings. The strong point in the application is to demonstrate where the money is to come from to pay the ten or fifteen per cent. Nothing, however, can be easier or simpler than to arrive at this result on paper.

In the case we are supposing, it would be shown that bathing accommodation in the locality does not exist; that the premises intended to be utilised are admirably situated for such a speculation, being in the midst of a dirty, dense population, containing fifty thousand souls within a radius of one mile. The argument necessary to remove any lingering doubts in the minds of intending shareholders is, that, at the least, one half of those probably would, or certainly ought, to avail themselves of the privilege of bathing once a week during six months in the year. This postulate being established, as postulates usually are, without proof, gives three hundred and twenty-five thousand bathers, or, which is the same for our purpose, that number of baths, and the price of admission being fourpence, the annual revenue must, as a matter of course, be five thousand four hundred and sixteen pounds thirteen shillings and fourpence.

This shows on paper the gross income, and the process by which that result is arrived at being so

lucid and satisfactory, the next move is to estimate the expenses. Interest on the capital at ten per cent. is the first demand, which amounts to two thousand pounds; the next estimate is for water, attendance at the baths, and sundries, another two thousand; which leaves one thousand four hundred and sixteen pounds thirteen shillings and fourpence to be added to the ten per cent. So here is an apparently indisputable statement vouched by figures, the correctness of which the most sceptical cannot deny, showing that the fortunate shareholders are constrained, happen what may, to receive seventeen per cent. for their money. What sane or insane person can help swallowing so alluring a bait?

An arithmetical process analogous to this is worked out to demonstrate that the mining undertaking or the ship-railway must be a great success; but as to the first case, the certainty of raising per year an adequate quantity of gold is the basis, whilst in the second, tonnage of goods would be the delusive factor in the computation.

As to the division of the money raised by the shares, perhaps the prospectus will inform the readers that so satisfied is the proprietor of the disused chapel, unpatronised skating-rink, or grief-beset tannery, of the lucrative nature of the undertaking, that he has been so magnanimous as to take three thousand pounds' worth of shares himself, and will receive only fourteen thousand pounds in cash,

and the remaining three thousand pounds will be expended in making the premises appropriate for their new business. In what proportion the fourteen thousand pounds will be divided between the proprietor and the promoter, whether the latter will get half, one-third, or what other proportion, we shall leave *blank*, giving our readers the privilege to supply the space according to their own notions of liberality for such valuable services; but that the promoter and his accomplices will secure a good slice of the plunder may be considered among the few certainties in this mutable world.

The evidence given at a recent trial proves that every man has his price; and it would appear that, from the professional detective down to the officials in a gaol, these persons may be bought if the value they appraise themselves at can be realised. It is not, then, surprising that little difficulty is experienced in getting a strong opinion or two by a few poor Scripture-readers or needy parsons, to back up the prospectus of any apparently philanthropic venture with the sanctity of their names as strong advocates of the scheme, and thus help, no doubt unwittingly, to magnetise the money out of the pockets of the faithful in such matters.

When the money is subscribed, the scheme is started—we are now speaking of those akin to the bathing establishment—and perhaps kept going for a little while; but the unpleasant discovery is soon

made that the great unwashed, whose patronage had been reckoned upon, will not be cleansed at a cheap tariff, but still prefer wallowing in the mire, and spending their money in the public-house, to indulging in that virtue which we are assured on high authority is next to godliness.

From want of patronage and the speculation of the authorities, the great bathing establishment is brought to a close deeply in debt, and its affairs have to undergo that interesting process known as being "wound up;" and when it comes to this, let the poor deluded shareholders be thankful if they come off clear by being only swindled out of their money, and have nothing further to pay towards the costs and expenses of the winding up and other liabilities.

It may be accepted as an aphorism that the foolish have to buy experience. We regret exceedingly that there are now so many schools started in which they may purchase that commodity. The one we have described is but a type of numbers, equally feasible, viewed by the light of the prospectus—equally certain to be a success in theory—equally certain, twice out of thrice, to be a failure in reality. We earnestly advise our readers to look with extreme distrust on many of the schemes to which their attention is directed, and to view with disgust the pretended advantages offered by others; and if, by observing the ruin which has been brought upon

others through their too confiding nature, they escape a similar misfortune, we should rejoice in the knowledge that the aphorism at the commencement of this paragraph has been narrowed in its scope by the perusal of these pages.

CHAPTER III.

**GREAT MORTALITY AMONGST JOINT-STOCK COMPANIES,
LIMITED, AND THE PRODIGIOUS EXPENSE ATTEND-
ING THE BURIAL OF THEIR WORTHLESS AND DES-
PICABLE REMAINS.**

As an appropriate and instructive corollary to the foregoing chapter, we shall supply intelligence which we trust will serve as material for thought to all who are in danger of being misled by the golden prospects foreshadowed in the prospectuses now so lavishly scattered broadcast over the length and breadth of the land.

The perusal of an article by Professor Levi, in the "Journal of the Statistical Society" for 1870, fills one with astonishment at the number of abortions the promoters of joint-stock companies produce, while the mass of unhealthy, short-lived progeny these same gentry give birth to is equally astounding. The Professor's article cannot be too widely or too thoughtfully read by all who sympathise with the victims of the multifarious schemes which perish in their infancy and youth; we shall therefore quote rather largely from that article, in preference to

using our own language. Hear, then, what the Professor says on this most important subject.

“From 1844 to 1855 inclusive there were registered provisionally 4049 companies, and of these as many as 3084, or 76 per cent., were abandoned. From 1856 to 1868, a period of thirteen years, 7056 companies were registered, and of these 1245, or 18 per cent., were abandoned. During the whole period there were formed in all 11,105 new companies, of which 4329, or 39 per cent. of the whole, were abandoned. It is worthy of remark, that notwithstanding the large increase in the number of companies registered during the latter period, the number of abortions was considerably less than in the former one. In truth, the provisional registration provided by the Act of 1844 was no indication whatever of the formation of a company; in many cases it amounted to no more than the registering of a scheme in the mind and imagination of a few concocters or promoters. Under the later Acts, however, the registration implies the formal contract of at least seven persons to unite themselves into partnership, entailing an obligation from which they cannot withdraw except by a formal and legal act.

“What eventually became of the 5811 companies finally constituted and in operation since 1856 we shall presently see. Meanwhile, it is important to realise that the chances of any projected companies ever being practically constituted are no more than

two to three. Nay, more, it is a fact worth recording at the outset, that out of 7056 companies registered since 1856, as many as 4082 are since gone, one way or another; so that the chances of real permanency are little more than one to three of all the companies formed."

In the classification of companies, Professor Levi says, "The objects for which joint-stock companies are now formed are exceedingly varied. But though an exact classification of any number of facts is extremely difficult, it is evident that, among the objects sufficiently definite, railways, mining, gas, have the foremost place in joint-stock enterprise. Next in importance are insurance, trading, and navigation; and next hotels and banking.

"The projecting and the formal establishment of a company are two different things, and they do not often advance *pari passu* with all kinds of companies. Whilst of 1791 companies for railways provisionally registered, only 170 were finally constituted; of gas companies, out of 1039 projected, as many as 890 were carried out; and of water companies, out of 91 projected, 71 were finally established.

"Still more prominently does the different character of the joint-stock companies appear when we compare the number formally established with the number wound up or not heard of, which, in popular language, are termed 'come to grief.' From 1856 to 1868 there were 257 banking and financial companies formed, and of these 160 were wound up or not

heard of, or a proportion of 62 per cent. Of gas companies, there were 678 established, and of these only 102, or 15 per cent., ceased to exist. Banking, finance, insurance, mining, which seem the safest and most attractive objects for profit, appear to have the least chance of stability."

"The business of a great association," says Mr. M'Culloch, "must be conducted by factors or agents, and unless it be of such a nature as to admit of their being clearly pointed out and defined, the association would cease to have an effective control over them, and would be in a great measure at their mercy. Hence the different success of companies where business may be conducted according to a nearly uniform system, such as dock, canal, and insurance companies, railway companies, and those whose business does not admit of being reduced to any regular plan, and where much must always be left to the sagacity and enterprise of those employed. All purely commercial companies trading upon a joint-stock belong to the latter class."

"To a great extent," says Professor Levi, "Mr. M'Culloch's observations are fully supported by the facts we have thus observed. But a very different appreciation is evidently formed by him as regards insurance companies than is borne out by the fact, that of 190 insurance companies newly formed since 1856, as many as 97 were wound up or not heard of. In late years an extraordinary amount of speculation and interest seems to have pervaded this kind of

business, which may perhaps account for these results. According to a return (made in 1869) of life assurance companies registered since 1844, it would seem that under the 7 and 8 Vict. there were registered 172 companies. Under the Companies' Act of 1862, 95 more companies were registered; and of companies previously existing 5, making in all, 272. Of these companies, 10 were amalgamated with other companies, 34 transferred their business to other companies, and 152 were wound up, or were supposed to have ceased business. Here, then, we have 196 companies disappearing out of 272 formed, or in the proportion of 72 per cent. On the other hand, the black book of joint-stock companies, or a return published of the number winding up under the direction of the Court of Chancery, included 30 insurance, 26 hotel, 62 financial, 75 mining, 18 navigation, and 269 other companies. Comparing these with the number formed, it would appear that banking and finance companies ended their existence in the Court of Chancery in the proportion of 24 per cent., whilst insurance companies reached the court at the rate of only five per cent., and hotel companies at the rate of eight per cent.

“The classification of joint-stock companies is important, as affording a clue to the range and direction of speculation at exciting and perilous times. The report of joint-stock companies in 1844 gives us the number of projected companies formed during the mania of 1824 and 1825, as well as in 1834 and

1836. In 1824, 5 insurance, mining (principally foreign), loans and investments, railways and canals, were the most popular objects. In 1834, 36 railways and banks monopolised public attention. In 1845, railways were almost exclusively the objects of frenzied speculation. In 1863, 66 finance, banking, mining, and manufactures seemed the most attractive for the employment of capital."

That life-assurance companies do not occupy a more prominent position amongst the short-lived companies appears at first sight rather incredible, but this is accounted for almost wholly by the practice of amalgamating with other institutions, instead of coming under the operation of the court, as do most other companies when their business comes to a dead-lock for lack of funds. Between an insurance company which cannot discharge the claims upon it, and most other companies in an analogous state, there is a very marked distinction. For whilst the assurance company may not have a farthing in its coffers, the assurance policies, upon which a large proportion, if not the whole, of the premiums received have been spent in extensive advertising and printing, commission to superintendents, agents, directors, and secretary, are of some value to other offices, and hence there is little difficulty in getting an older and stronger establishment to extend the hand of a brother, and take the unfortunate company, assurers and all, *nolens volens*, under its protection.

On the other hand, many other companies, when

they come to grief, have called up and spent all their capital, incurred heavy liabilities with the bankers and others, and usually have little to realise, except sometimes the plant and the collection of assets outstanding, which are usually very small and insignificant in proportion to the gigantic liabilities, so that the court is usually, and almost necessarily, the only door through which they can make an ignominious exit.

Life-assurance institutions have in their youthful days to carry such heavy burthens in the way of advertisements, printing, promoters' fees, commission to superintendents of agencies, and to agents, that death or absorption appears to be the inevitable result; enough indeed to kill an institution of mature age, to say nothing of an infant company, which has to compete with others who have already well covered the ground—statements to the contrary by new officers notwithstanding.

We have at the present time under our notice the agency terms of a new candidate for public favour which an applicant for the post of superintendent of agencies has just favoured us with, but which appointment he declined to accept, chiefly in consequence of the liberal terms offered him. Paradoxical as this may appear, it is nevertheless a fact; and our friend having reasoned within himself how it was possible a substantial office could afford such terms without coming to a speedy collapse, decided that such a magnanimous office could not

be such an one as he could conscientiously recommend, and at once declined the honour of becoming its representative. Would that all other agents of doubtful concerns would follow this honourable course, instead of pocketing the extravagant commission of various rotten concerns until the bubbles burst, and then putting on the lying subterfuge of profound ignorance of an event which almost any business man could have foretold long beforehand, and much unhappiness and disappointment would thus be averted.

The rate of commission offered our friend was fifty per cent. on new business, seven and a half per cent. on the second year's premium, and five per cent. on subsequent payments; on all business introduced by every agent under him, twenty per cent. on the first premium, and two and a half subsequently, with a handsome bonus according to the number and amount of assurances effected in any year; a double commission, it will be seen, is allowed on all business obtained through the ordinary agents.

Before starting a company of any description, we think the promoters should be honestly certain that a *bona fide* need exists; and if it does not, then they are guilty of being the means of causing large portions of insurance premiums to be absolutely thrown away, and the assurers have to pay for the life assurance considerably more than its commercial value. The need of new life offices is certainly not

an urgent one, as any Insurance Directory will indubitably prove; and hence no new company started can plead necessity as a reason for inauguration; nor are the projectors warranted in throwing away more than the first year's premium in the initial year in commission and other charges as a *quid pro quo* for obtaining the assurance. Such a project never can possess the elements of stability; and were we disposed to assume the prophetic mantle, we should prognosticate that the life of such an insurance bantling could scarcely endure beyond three or four years. What on earth, then, can be the reason, it may justly be asked, for bringing into the world such rickety diseased abortions?

Alas! the answer we fear must be—Not philanthropy, not a desire to benefit humanity in the concrete, but a desire to find suitable and remunerative occupation for the promoters.

In a subsequent portion of this book, life assurance as an investment will be noticed, and therefrom readers may draw their own conclusions as to its commercial value apart from sentimental worth.

We shall now take the liberty to quote that portion of Professor Levi's article which relates to the winding up of companies, and the enormous expense attending that operation, with the object of showing the great risk incurred by all who take shares in companies other than those of lengthy existence and established repute.

“A considerable number of joint-stock companies,

after a brief and chequered existence, end by being wound up either voluntarily or under the supervision of the Court of Chancery. The tables show that out of 6995 companies registered since 1856, as many as 1675, or 23 per cent., were thus terminated. And by a special return of companies so wound up (made in 1869), it appears that from August 1862 to July 1868, 480 companies were before the courts, and 445 of them made proper returns. The summary of the return does not consist of consecutive facts, but shows that 419 companies had an aggregate nominal capital of £138,654,272; that 382 companies had a paid-up capital, as far as known, of £24,348,027; that 357 companies had liabilities amounting, as far as ascertained, to £74,482,421; and that the expenses of winding up, as far as ascertained, of 207 companies, or of scarcely half the total number, amounted to £630,285, giving an average expenditure of upwards of £3000 per company.

“On examination of the return it is found that the life of many of these unfortunate companies is very short indeed, many of them having had scarcely eighteen months’ existence. Alas! a very short trial is often enough to disabuse the minds of shareholders of many pleasant fancies. Yet in many cases the expenses of liquidation were extremely heavy. The Asiatic Banking Corporation was registered in February 1864, came to grief in November 1866, and £33,000 were expended up to the date of the return in winding up. The new company

of Overend, Gurney, & Co. was registered on the 12th July 1865, and came to grief on the 23d July 1866, with liabilities amounting to nearly £19,000,000, and up to the date of the return, £64,772 were expended in winding it up. But a still greater evidence of the immense increase of winding up concerns in the Court of Chancery in England may be gathered from the 'Judicial Statistics.' From 1859 to 1868 the operation of the court on joint-stock companies has been as follows:—

Year.	Number of Petitions under the Winding-up Acts.		Number of Debts claimed and Adjudicated.	Amount of Debts Proved.	Amount of Calls made.	Dividends paid to Creditors.
	To the Lord Chancellor	To the Master of the Rolls.				
1859	20	2	79,092	...
1860	14	6	245	727,362	733,869	...
1861	10	9	5,772	873,123	123,221	276,573
1862	17	11	1,857	1,329,970	1,024,671	270,915
1863	28	31	1,166	1,953,259	473,075	253,049
1864	33	42	3,462	1,056,103	614,153	393,276
1865	47	90	8,933	3,626,735	2,394,613	1,354,076
1866	166	75	9,909	9,613,909	2,548,690	3,279,017
1867	170	83	10,636	12,490,346	4,497,831	7,310,339
1868	116	62	11,584	6,979,550	8,537,123	2,963,337

“From whatever side we look at these facts, they are certainly most unsatisfactory. An increase in ten years of the number of petitions from 22 in 1859 to 241 in 1866 and 178 in 1868; an increase in the number of debts claimed from 245 in 1860 to 11,584 in 1868, and of calls made from £79,092 in 1859 to £8,527,123 in 1868, denote

losses of an enormous amount. The disproportion between the amount of debts proved and the amount of calls made, and between the amount of calls and dividends paid to creditors, is also very great. And what shall I say of the delay in winding up? The return already referred to shows that after six years only 207 out of 480 companies were finally liquidated."

As to the security which the registration of joint-stock companies should afford, Mr. John Stuart Mill, in his chapter on Partnership, says:—

"The law is warranted in requiring from all joint-stock associations with limited responsibility, not only that the amount of capital on which they profess to carry on business should either be actually paid up or security given for it (if, indeed, with complete publicity, such a requirement would be necessary), but also that such accounts should be kept accessible to individuals, and, if needful, published to the world, as shall render it possible to ascertain at any time the existing state of the company's affairs, and to learn whether the capital, which is the sole security for the engagements into which they enter, still subsists unimpaired; the fidelity of such accounts being guarded by sufficient penalties."

We fully endorse what so great an authority as Mr. John Stuart Mill says, but we are prepared to go further, and say, that the shareholders of every joint-stock company should have power to appoint,

and should insist upon appointing, in addition to the Board of Directors, three or four proprietors, who should be called the Investigation Committee, or by any other equivalent designation, whose duty it should be to examine the assets and liabilities of the company at such times as they might think convenient to themselves, to see that they were really and truly worth the value represented in the balance-sheet. These men should be chosen from the body of the shareholders, and their functions should be distinct from and independent of the Directors, and their retirement should be compulsory either yearly or bi-yearly, but they should be eligible for re-election after a certain term, say six years. This would give an infusion of new men, with distinct and perhaps original views on many points in the management of the undertaking, which might be very conducive to the general improvement and prosperity of the companies. But if it did nothing more, it would certainly have the effect of keeping the Directors and other officials up to their duties; and with the certainty of the affairs being thoroughly overhauled by fresh hands, malversation and misappropriation would of necessity be, if not altogether, to a very great extent, prevented.

Beyond a scintilla of doubt many concerns are thoroughly rotten years before they are wound up, but by unduly magnifying and misstating the value of the assets, shareholders are deceived, and when the collapse comes they affect surprise that a com-

pany, which was ostensibly so prosperous when the last balance-sheet was rendered, should so speedily after come to grief.

We are not indifferent to the difficulties that would be experienced in accurately appraising every item of a joint-stock property; still the bulk might easily be tested roughly, nay, almost accurately, by examining the cash balances, the liabilities, and the stock and securities of all kinds on hand; and the investigation committee might in all cases at fixed times see the accounts actually posted to the debtors, with a notification thereon that any error in the account should be forthwith made known to the inquiry committee. This would obviate dishonesty, arising from keeping on the books accounts represented as owing when they had been already discharged. The value of the stock on hand in a trading concern might seem to offer a considerable difficulty; but with a well-arranged stock-book and accuracy in posting, an approximate check might at all times be instituted—at all events, sufficiently accurate to denote whether a company were progressing or retrograding.

That an apparent impediment lies in the way of the non-professional actuary, if we may be allowed the phrase, valuing the prospective premiums and contingent interests in life assurance and other such companies we admit; but they are more imaginary than real. True, the valuation of a company's position for the purpose of appropriating bonuses is a work of time, but then every policy has to be dealt

with, while for the purpose of testing the stability of a company, all policies on lives of the same age might be added together and valued in bulk. With a properly-constructed table this operation might readily be performed by ordinary men of figures, and the state of a company sufficiently tested.

Auditing an account is too often, we fear, a mere matter of addition, and the real test, namely, a thorough examination and appraisement of the items forming the credit and debit side of the balance-sheet, and the production and examination of vouchers, are too frequently ignored, whereby the audit becomes little better than a farce and a delusion.

With monetary and finance societies, whose operations embrace the twofold functions of banks of deposit and loan societies, thorough investigation by such a committee as we have described becomes almost imperatively necessary for the safety of the shareholders; for, amongst other reasons, the simple one that if fraud be contemplated by the directorate, which usually consists of a small number, it may be carried out to an almost ruinous extent before the shareholders and depositors are aware that malversation is being perpetrated.

Far be it from our purpose to suggest how frauds might be committed in this particular line of action, but suffice it to say, that a suppression of deposits on the one side of the balance-sheet, and an exaggerated statement of assets in the nature of loans on personal

security, may mislead ordinary shareholders for a considerable time; but a committee similar to that we have advocated would, we believe, tend to give confidence in the really solvent concerns, and also act powerfully in ringing the death-knell of rotten ones.

In a paper read at the Social Science Congress held at Aberdeen, Mr. Serjeant Cox is reported to have said, in reference to the frauds committed by promoters of companies, as follows:—

“Hundreds of limited-liability companies sprang into existence, and thousands of persons applied at random for shares at a promised ten per cent. To establish the limited liability was the easiest, safest, and most profitable of all swindles. Bankrupts converted their concerns into limited companies, until, at last, the winding up of these companies appeared almost as numerous as their registration, with no assets for the creditors, and a call being made upon all shareholders to the extent of their liability. The promoter had enriched himself and impoverished his dupes; the directors were paid in cash or shares; while the officers were the tools of the promoter. The further development of the system showed, while smaller rogues were contented with pilfering a few hundreds, the bigger ones were only contented with schemes whereby they could net their thousands.”

CHAPTER IV.

HOW THE STOCK-LISTS GRATUITOUSLY SENT THROUGH THE POST BY STOCK-JOBBER'S MAY BE USED TO PERSONAL ADVANTAGE WITHOUT INVESTING IN THE CONCERNS—SECURITIES, WE WERE ALMOST ON THE POINT OF MISNAMING THEM—THEIR AUTHORS RECOMMEND.

THE article from the pen of Professor Levi seemed so pertinent to the chapter immediately preceding that in which we have quoted his views and facts—and coming under our notice, as it did, just at the time we had completed the chapter—constrained us to quote somewhat largely the very important statements enunciated, notwithstanding the lapse of six years since the public—or doubtless only a small section of it—were made acquainted with the Professor's elaborate and valuable report. Should the eye of the Professor happen to alight on these remarks, he will, we hope, pardon us for using the words "only a small portion of the public." It means no disrespect towards him, but only points attention to what is really the fact, that comparatively few care to read attentively statistical articles.

The lapse of time makes little or no difference, for the principle as to the proportion of companies which come to grief as compared with those that succeed out of a certain number formed undergoes little change. Roughly, therefore, it may be assumed that, for certain, one company out of two proves a failure, and it would be much nearer the mark to say that two out of three come to grief. Although the words of Professor Levi ought to act as a most potent deterrent against the folly of people who know little of the way in which those schemes are managed or mismanaged investing their money in them, with the dead certainty that about two out of every three new speculative bubbles that are blown burst ignominiously, and oftentimes disastrously, to those concerned, still there are other oracles which may be consulted with advantage by those who are covetous, and aim to make a large income from a small capital.

As we have before said, if you happen to be a shareholder in any public company, it will fall to your lot to be favoured with a sheet, or perhaps a pamphlet, containing the stock-list of the previous week, and a review of the value of various mining and other shares; and the jobber who is liberal enough to send this stock and share list gratis is also sufficiently lavish of his advice to strongly recommend the purchase of some securities, whilst he as vigorously denounces the acquirement of others,—his recommendation or detraction depend-

ing entirely upon whether he has shares he wishes to sell, or whether others which are low may be such as he desires to acquire; so that you may take his opinion as worth nothing, or perhaps much worse than that, because his object is to buy or to sell for the sole purpose of putting money into his own pocket and taking it out of yours.

We have known stock-jobbers prophesy, with the greatest impudence, over and over again, when they have been playing the *rôle* of Stock Exchange "*bulls*," that the shares in various undertakings, which they specifically mention, will increase a hundred per cent. in value within twelve months after purchase, but the fact has been the reverse, and not only have such highly-eulogised investments gone down, but occasionally they have disappeared altogether. On the other hand, securities which these men have depreciated week after week have within twelve months more than doubled themselves. So much for monetary stock-jobbing prophets!

One is quite at a loss to understand how these prophets can be so much at fault in their prognostications; and there are but two conclusions which will account for such phenomena, the first whereof is, that seeing results are so often contrary to their prophecies, they must be mentally unfit for the prophetic office they arrogate to themselves; the other conclusion is, that their advice must result from the fact that they belong to and form part of the tribe of treacherous animals known on the Stock Exchange as bears and

bulls, and, as such, not to be trusted as the most reliable channels through which to procure disinterested advice.

To return, however, to the stock-lists with which we are gratuitously favoured. Let us not despise them, nor think that, because they cost us nothing, their value must be *nil*. This is not so. We can utilise and make them productive of much advantage if we only go the right way to work. Let us, then, proceed to turn one of these lists to account by a careful examination of some of the quotations of various concerns, and thus discover what has been paid for them, and then refer to another column which shows the present price, and see how much has been lost on the things which form the subject of our special attention. This effort of the understanding will be productive of knowledge for a certainty; and to those who have never entered the vortex of speculation, it may perhaps impart wisdom as well as knowledge—wisdom to keep out of the anxious and uncertain path which all who speculate for high interest walk in, and knowledge to understand that, as a rule, what one gains by speculation another loses. An application of these principles will dictate the necessity of using discretion and hesitation as to the investments in which you should or should not embark.

In the examples we shall supply it would be manifestly unfair to include any securities the interest upon which is guaranteed by the municipal

government of the town or the imperial government of the country wherein the property or security is located; we shall therefore deal only with what may be termed purely speculative securities, or such as are generally sought for when a high rate of interest is the desideratum.

From the stock-list now before us, which is an ordinary one, such as is so abundantly supplied to registered shareholders in any company, we shall extract such results as we hope will prove advantageous to those who have money to spare and are on the point of making an investment. But in this part of our work we shall deal only with the securities upon which large sums have been lost, reserving the brighter side of the picture to future pages, when we come to point out what we deem safe investments.

First take foreign stocks. In this section of the list we find about ninety different stocks quoted, including those of countries or states which have a number of loans raised at various times, and sometimes at different rates of interest, or issued at prices below par—it may be perhaps hundred-pound bonds, or that value of stock at 82 or 90, or at various other quotations; such countries, for example, as Brazil, Chili, Russia, Turkey, and many other countries. Out of these we find that about sixty out of the ninety are below par; and not only below, but ruinously so, to the unfortunate speculators for high interest.

Take the following examples. Buenos Ayres, the stocks of which were, until within a year or two since, looked upon as amongst the sound foreign securities, has, amongst its various obligations, two loans, one for about a million and a half, issued at 88, but now at 58; another for about two millions and a quarter, issued at $89\frac{1}{2}$, now stands at about 60. These securities being worth, in round figures, two-thirds of the issue price, the speculators in these two comparatively small loans have dropped over a million.

Next let us take Costa Rica, which will be found worse still. This State has two loans—one for a million, issued at 72, the price of which is now from 10 to 12; the other loan, for about two millions and a half, issued at 82, and now quoted at from 6 to 7; so that on these two loans the seekers for a high rate of interest have lost upwards of two millions.

The Honduras loans are the next we shall examine. This miserable Government appears to have contracted two loans, called by the high-sounding name of "Government Railway Loans," amounting together to three million five hundred thousand pounds; and as these were issued at 80 and are now selling at 2, the loss may be set down at two millions seven hundred and thirty thousand pounds. Notwithstanding the heavy losses sustained by the English people in their dealings with this wretched State, through which it appeared impracticable to

make the railways for which the capital was raised, in a short time after the collapse of this bubble a prospectus was sent out by some London stock-jobbers of a scheme for carrying ships over this very country where the construction of railways was declared an impossibility in a railway engineering sense. But what was most strange to many of the unfortunate investors was, that this difficulty was never foreseen until some portion of the line had been made and all the money expended, and then came the report that in consequence of engineering difficulties the intention of completing the line had been abandoned, and the navvies, engineers, and others employed in the undertaking had returned to their native country. The real state of the case was, that most of the money which had been subscribed for one purpose had been diverted to another, and as soon as it was impossible or inconvenient to continue the railway for want of funds, the whole thing collapsed under the plea of engineering obstacles.

If we remember rightly, several millions were required to float this precious ship-carrying concern, but as we heard little of it after the receipt of the prospectus, we assumed the scheme was only worked out post-prandially in the brains of the engineers and promoters.

On Peruvians, too, we find the loss has been immense. We observe there are two loans mentioned in the stock-list—one for eleven millions nine hundred and twenty thousand, issued at $82\frac{1}{2}$, now

quoted at $14\frac{1}{2}$ to 15; and another for fifteen millions, issued at $77\frac{1}{2}$, now quoted at 12, and hence a loss has arisen of close upon eighteen millions!

We shall say nothing about the enormous losses on Turkish, Egyptian, Russian, and a host of other equally bad things, but will now refer to Paraguay, and also explain how our readers may work out their own calculations, and thereby derive caution and instruction at the same time from the stock-lists our friends the jobbers supply them with.

It will be seen that Paraguay has two loans, the first for a million, issued at 80, now worth 5, and perhaps, to sell, not even that. Multiply the million by eighty, and you have eighty millions as a matter of course. Divide this by a hundred, or, which is the same thing, strike off the two last ciphers, and eight hundred thousand pounds is seen to be the amount received. Now multiply the million by the present price, which is five, and the amount is five millions; divide this by one hundred, or, which comes to the same thing, strike off the last two noughts, and the value is fifty thousand pounds, or a loss of seven hundred and fifty thousand pounds on this one loan thus:—

Cost at the price of issue . . .	£800,000
Price at the present quotation, 5%.	50,000
	<hr/>
Loss,	<u>£750,000</u>

Had we been addressing our instructions for testing the value of the various shares to actuaries

and men of figures, or rather, perhaps, we should say, if we were satisfied that all our readers would be such, our remarks would be more brief, and the *modus operandi* prescribed would denote a much shorter cut. To illustrate. In the present case, instead of giving directions as to the ciphers and so on, we should have said, "Inasmuch as that which originally cost eighty is now worth only five, there has been a loss of fifteen-sixteenths, or seven hundred and fifty thousand out of eight hundred thousand pounds." But when instructions are supplied generally, and where among readers many may not be able to grasp fractions and contracted methods, a more circuitous, or at least a longer route, which will bring you safe home at last, is infinitely preferable to the short course which leads you into a wilderness of uncertainty from which only with difficulty you eventually emerge.

To come back again to the point from which our digression has led us, we will say that the second Paraguay loan is for two millions, issued at 85, so that, by the same operation we have just described, it will be seen that one million seven hundred thousand pounds was paid for that which at the present quotation of five per cent. is worth one hundred thousand pounds only, being a loss of one million six hundred thousand pounds on this transaction, or two millions three hundred and fifty thousand pounds on the two loans.

Attention may now be directed to the various

other speculative stocks and shares ; and by careful attention to the quoted price as compared with the price of issue, the losses which a confiding public must have sustained in their insane desire to get from ten to fifteen per cent. for the use of their money will be perfectly astounding. But we consider it our duty to say that the losses they may trace out through Stock Exchange and stock-jobbing publications represent perhaps a mere tithe of what is actually lost on other transactions which the Stock Exchange does not recognise.

To make clear our meaning on the latter assertion it will be necessary to say that the Stock Exchange is at present a purely voluntary association, and will not grant a settling day for bargains in the shares of a new company until all the circumstances are set forth before the committee. Nor will it allow such shares to be quoted until the committee have examined all the documents required, and found them to their satisfaction.

Only a small proportion, therefore, of the companies started are ever admitted at the Stock Exchange either for a settling day or for quotation. Hence learn this lesson well by heart, that in addition to the enormous losses you can easily for yourselves work out by the stock-lists, there must be losses of far greater magnitude with companies started from time to time whose titles never found their way into the Stock Exchange quotations, be-

cause *prima facie* they are fiscal rogues and vagabonds, not able to give a good account of themselves.

We have now before us a tabulated statement of various companies formed within a certain period, and there we find that out of 1419 mining companies formed, after a few years 439 only remained, or thirty per cent. The money lost in these concerns, one and all of which were no doubt extolled to the highest by the promoters as the surest media through which to make wealth, no power on earth can tell; but that the winding up and dissolution of so many companies meant profit and plunder to the few and ruin and desolation to the many, we think we should not be wrong in asserting as a fact, even without legal evidence of proof.

Various trusts come in for a share of the superabundant energy of that class of gentry who are perpetually starting something or other under the plea of benefiting mankind; but few of such trusts seem to answer, and never will, so long as the main idea of the promoters and others is self-aggrandisement; and amongst the unprofitable trusts we especially mention the Foreign and Colonial Government Trust Fund, which, according to the list now before us, has issued stock to the amount of upwards of three millions and a quarter; and as this same stock is now at about fifty-two per cent., the investors have sunk over a million and a half of money!

The promoters of these trusts hold forth to the public the alluring statement that it puts those who

participate in its amazing advantages on an equality with the rich, so far as that it enables them, by means of a trust of this kind, to spread their money over a number of securities, through the kind mediation of the directors of these trusts, instead of risking all their eggs in one commercial basket.

But an investor on his own account must be a stupid fellow indeed if he did much worse for himself than those financial Solomons could have done for him, seeing that in two or three years they have managed to lose for him half of his capital.

We shall say little more about this trust on our own responsibility, preferring to quote verbatim the statement relating to it which appeared in the money article of the "Daily News" of the 14th February 1877 :—

"As will be seen by reference to our advertising columns, a movement is on foot by some of the certificate holders of the Foreign and Colonial Government Trust to effect certain alterations in the constitution of the trust, and a meeting is called for Friday next. A Bill has been presented to Parliament by the trustees, and the committee of certificate-holders has been appointed to watch over the interests of the latter. The object of the Bill is to alter certain provisions of the deeds of trusts, to provide for the application of the moneys received by the trustees, &c., and it is now proposed by the committee to modify in some degree certain of the provisions, and introduce clauses likely to be bene-

ficial. Attention has been directed to the expenses of management, which for the five trusts amount to over £10,000 per annum, and it is desired to reduce these; and, if we are rightly informed, there is no objection on the part of the management to come to terms on this point. There seem but few points of material difference between the trustees' new scheme and what is asked for by the certificate holders, so that some arrangement should be easy to meet the views of both. A correspondent writing us on the subject states:—

“ ‘The five trusts involve a nett subscription by the public of over three millions. They vary in interest to be paid from about $5\frac{1}{2}$ to $6\frac{1}{2}$ per cent. The interest is paid by coupons attached to the certificates, which represent what is due each half year, which are cut off in the usual way. The interest on the coupons is now, so far as the fourth and fifth trusts are concerned, reduced—the former one-half, the latter from £2, 5s. to £1, 10s. Inquiry is natural to what cause is this diminution of interest referable. To the imperfect constitution of the trust deed. The deed provides for the redemption of the certificates by investments paid off, or by the sale of securities, or plus interest. There is, therefore, a necessity to provide a balance from one of the three sources to redeem the certificates. The mischief of this plan is, that unless there is a surplus, no certificates can be redeemed except out of capital. The effort, therefore, to redeem certificates has involved the

trusts in serious default of interest. This default has arisen by the investment in high-interest-paying securities, and thus endangered the principal sum subscribed, the default amounting at the present time in the fifth issue to £374,000. The other issues are more or less the same.'

"The efforts of the certificate-holders' committee seem to be directed mainly to the following points in connection with the Bill for which Parliamentary powers are sought :—

"1. An amalgamation of expenses for all the trusts, keeping the accounts separate. 2. An increase of trustees and no committees. 3. A periodical election of trustees. 4. Vacancies to be filled up. 5. A change in voting. 6. A chairman and deputy, with fixed salaries, devoting all their time."

A noteworthy statement in the foregoing paragraph is, that the costs of management amount to the magnificent annual sum of ten thousand pounds. We are far from asserting that every director of trust and other companies of a kindred kind which are now spawned in such shoals have no higher end and aim than that of self-emolument; but this we do maintain, without fear of contradiction, that if there were no pecuniary privileges for promoters and directors, there would be a considerable falling off in the number of companies formed, and a corresponding saving of the money recklessly invested, and in most cases thrown away, upon them. Then, indeed, the inauguration of a company would only take place

when a real need for it was felt; and the concern, instead of turning out a dead failure, as the greater part of the new companies do, would be a success, and form a profitable outlet for capital.

To give anything like an approximate statement of the amount annually lost by the investing public is impossible, because the number of concerns in which they invest is legion. We can, however, show how upwards of five hundred and forty millions have been thrown away by a trusting, though, we are compelled to add, covetous public, in loans to a few defaulting States, the names and amounts whereof will be found in the subjoined statement:—

Bolivia	£856,280
Costa Rica	836,774
Ecuador (consolidated) . .	1,696,320
Greece	1,238,000
Guatemala	711,200
Honduras	3,493,340
Inuique and La Noria . .	305,500
Mexico	27,674,025
Paraguay	32,497,631
San Domingo	480,389
Spain	358,267,692
Turkey	106,244,347
Uruguay	1,728,800
Venezuela	5,352,934
	<hr/>
	£541,383,232
	<hr/>

As the South American States figure largely in the foregoing statement, we shall quote the following from a recent number of the "World":—

"It is evident that another attempt is to be made to restore the credit of the bankrupt and fraudulent Peru. Peru at this moment owes to English investors, chiefly belonging to the class known as 'small capitalists,' about fifty millions. The United States are much nearer to Peru than we are, but no attempt to launch a Peruvian loan has ever been made in New York or Boston. The Americans may love their neighbours as themselves, but they take good care never to lend them any money. Mexico, Peru, and the rest of the South American swindling States—for that is what they are, neither more nor less—find it easier to raise money in England than anywhere else; for here one 'foreign country' is held to be as good as another, and the security tendered is seldom very critically examined. It is important that the public should thoroughly understand that nothing has changed for the better in Peru; the community is still as utterly destitute of honour as it is of money, and the Government is sunk in a bottomless abyss of debt and bankruptcy."

Much of the roguery of the present day is worked out through the agency of bodies of men who combine together and give themselves the name of Syndicates, whose apparent object is to conduct and carry on various financial and commercial schemes,

but whose real object appears to be to rob the public and benefit themselves. The operations of these bodies of persons, or "financial syndicates," are so graphically described in a recent number of the "World," that we shall give our readers the benefit of the following quotation:—

"The term 'financial syndicate' occurs almost daily in the various newspaper money articles. Many of our readers are doubtless unacquainted with the meaning or *modus operandi* of this latest addition to the art of finance. Finance syndicates were first brought to perfection in the palmy days of promoters, when bogus companies were quoted at from 10 to 30 premium and upwards. Blakeley Ordnance shares, City of Milan Improvement, Emma Mine, Marseilles Land, Metropolitan Sewage and Essex Reclamation, Russian Iron and Phospho-Guano, and hundreds of other companies, would never have existed without syndicates. The first syndicate formed is the promoter and board of directors. For argument's sake we will suppose a company is formed to convert deal-boards into sawdust. The company announce in their prospectus that they hold a forest in Norway, and an analytical chemist has discovered that the saw-dust can be converted into nourishing pea-soup. The public rush at this as an article of necessity supplying a public want. Ten thousand shares of £10 each—or say, £100,000—has to be raised. The promoter wants his promotion money, the directors their qualification fees. Bills

are accepted by the company for office furniture, rent, ledgers, &c. ; and the real capital of the concern is at starting brag, bounce, unblushing effrontery, and lying. After the usual issue of prospectuses and advertisements, the services of a leading jobber are secured, the company giving him *carte blanche* at say $1\frac{1}{2}$ premium per share ; that is to say, they will buy any number of shares from him at $1\frac{1}{2}$ premium, or sell him any number at $1\frac{1}{2}$. On this the leading jobber makes a deal of noise in the market, his assistants are set to work, and the Deal-Board Sawdust Company shares are quoted $1\frac{1}{2}$ to $1\frac{3}{4}$; a closer price, $1\frac{3}{8}$ to $1\frac{5}{8}$; closer still, $1\frac{7}{16}$ at $1\frac{9}{16}$, premium. At the end of the day the jobber's return is sent into the company's office, say 7000 shares bought, 8000 shares sold ; so the company sell him 1000 shares at $1\frac{1}{2}$ premium, and the next day the market is set again, say at $1\frac{1}{2}$ premium. The price quoted now is $1\frac{1}{8}$ to $1\frac{3}{8}$, when, perhaps, at the end of the day another 1000 shares are sold on balance ; the market can then be set for the next day. After various dealings, if, say, 3000 shares are sold, and 5000 shares allotted, the affair is left on its merits, sufficient money is obtained by the syndicate, and in all probability the price on the settling day, with £5 per share paid up, would be £3 discount. Now the counter-move to this would be another company by the same promoter to convert sawdust into deal-boards, say with the same number of shares, and same amount of capital. This

company being unfavourably received by the daily journals as carrying out an unnecessary object, great opposition is shown to it. The company set the price with their jobber in the market at say £3 per share premium; the dealing quotation is $2\frac{1}{2}$ at $3\frac{1}{2}$ premium, or $2\frac{7}{8}$ at $3\frac{1}{8}$. At the end of the day the jobber has bought perhaps 2000 shares on balance, which the company take at 3 premium. Next day the market is set at $3\frac{1}{2}$ premium; the dealer's quotation at $3\frac{3}{8}$ at $3\frac{5}{8}$ premium. At the end of a few days' dealing, the company buy perhaps 7000 shares on balance, but as they then will allot only 2000, and these to their own nominees, the public will find themselves, on the settling day, caught out of 5000 shares or more, the shares having no real existence—the price on the first settlement, £10 per share premium, with £1 per share backwardation, or fine fixed for the loan of the shares for a fortnight. In this way Blakeley Ordnance were £25 premium, Russian Iron, £50; City of Milan, £12, &c.; the syndicate never deciding how it will act until the public have acted. In plain words, a syndicate is a combination of financiers organised to rob the public through the Stock Exchange."

In concluding this chapter let us utter to the investing public this one significant word—Beware!

CHAPTER V.

THE GILDED PILL OF THREE YEARS' INTEREST CERTAIN
AT SIX PER CENT., AND THE MONEY TO PROVIDE
FOR THE DUE PAYMENT INVESTED IN CONSOLS IN
THE NAMES OF THE TRUSTEES OF THE UNDER-
TAKING.

THIS is a plausible, tempting, and respectable way of making a sham appear like the genuine article, and thus enabling the promoters of a company to hook and crook the purblind who can see only three years beyond their nose. Say those same purblind ones, "This must be a good investment; only look at the names of the trustees! Lord Goodfornothing of Swindledom Court, The Honourable Cecil Noacres of Barelands, and Wilkins Villains of Nowhere Villa." Here is an array of powerful names, enough to remove from every sceptical mind, if any such there be, every scintilla of doubt as to the respectability and responsibility of the concern, The money must be safe in such aristocratic hands, think they. And then, for three years the funds are actually invested in those mighty names to meet the prompt payment of the dividends; and that period, in the opinion of

the happy-go-lucky sort, is quite long enough to anticipate.

True to the promise contained in the prospectus, the sum necessary to discharge the three years' dividends has been set aside; but the vital question to the shareholders, the one above all others, which rarely receives a passing thought, is, where did it come from?

Alas! in almost every case capital is the source whence it emanates, and not income; and at or before the end of the three years the concern is wound up in Chancery, or liquidated by some other process, the result of which is that this glittering dazzling bubble has burst, and the shareholder who has revelled in golden dreams of a high percentage finds that he gets exactly ninety pounds in three years for that which has cost him five hundred in one sum. Or, to put the matter more correctly, though more injuriously for the investor, he only gets forty-five pounds of his five hundred; because, had he invested his money in the Government funds, even supposing them to be at *par*, he would have received forty-five pounds out of the ninety. And hence it will be clearly seen that he has foolishly invested and lost four hundred and fifty-five pounds for the remote chance of getting six per cent. interest in a doubtful and untried speculation, in preference to being satisfied with the interest which a stable Government can give, or the percentage which might have been obtained by the purchase of ground rents,

loans on mortgage, or a judicious investment in land or in house property.

It is by no means a rare occurrence to see attached to the prospectus of some dock, railway, or other concern, the names of men who have taken only just sufficient shares to qualify them for the post of directors, from which they manage to secure a large income in the shape of fees for their valuable business knowledge, besides what they gain in an indirect way; for, as is well known, and has been forcibly corroborated in the case of the Artisans' Dwellings Company, these are the days when commission is mischievously and wickedly rife; when, as a rule, the house-agent does not employ the tradesman without making him add to an estimate ten or fifteen per cent., which goes into the purse of the former and comes out of the pocket of the owner, who is in blissful ignorance that such an operation is being performed upon him; and when we fear that a like venal practice runs through most transactions of the present time. It is, then, we say, a lucrative position to hold a directorship in one company, say nothing about having a seat at the board of half-a-dozen, as some of the energetic ones have, who make it one of the chief objects of their life to live by their wits and at the expense of the general public, who are not gifted with such inventive powers.

From a blue-book recently issued, we see that during the year 1875 no less than 1172 companies were registered, with a proposed aggregate capital of

£82,447,180; and in the first four months of the year 1876, no less than 560 companies were registered, with a proposed capital of £24,056,520, thus showing an increase in the number of companies registered, though the capital intended to be raised is about the same, from which we naturally infer that the schemers have descended a little lower in the scale of their operations. It is impossible to say how many of these will be existing in the course of a year or two, but this we know from the blue-book now before us, that some are already wound up, and others are undergoing that process, amongst which we notice such interesting concerns as the following:—"A company for purchasing certain mineral springs in Normandy, and supplying water from them;" another "For purchasing and working the Percy and Kelly Nickel, Cobalt, and Chrome Iron Mine in New Caledonia;" another "For carrying on the business of hotel-keepers, and furthering in every possible way the interest of hotel-keepers;" another "For building shops, offices, &c., and carrying on any trade therein;" another, called "The Life-Saving Dress Company" (Boyton-Merriman Patent, Limited), "for introducing, working, and developing certain patents relating to floating garments or costumes."

On contemplating the titles and proposed objects for which these companies were formed, we are led to wonder how many of them could trace their origin to pure philanthropic motives, and how many are

tainted with, if not started wholly for, mercenary motives. We hope, however, that few of them carry on their nefarious practices on so gigantic a scale as did the auctioneer, the chairman, and managing director of the company we have just given a passing glance at, in which the middle-man would have made a profit of twenty-four thousand pounds on two purchases, had not his exceeding liberality prompted him to share that enormous sum in moieties with several officers of the company.

This very remarkable fact we have often been deeply impressed with when a company has been launched with a capital of twenty or fifty thousand pounds, that although the directors through their prospectus prophesy, with the utmost confidence, that the concern must inevitably pay ten or perhaps twenty per cent., and figures are gone into to confirm the assertion, much in the same way that the annual income of the swimming baths is shown to be certainly and indisputably correct, yet the wealthy men whose names occasionally appear as directors can have little confidence in the accuracy of their own figures or the lucrative nature of the investment, or they would take up the whole number of shares and confine to their own hands so grand a speculation. The capital required may be but twenty or thirty thousand pounds, and we have seen the names of men as directors of some of those schemes who, if reputed to be true, could individually buy up half a dozen such concerns.

Whence, then, arises the blind infatuation of letting so rare an opportunity pass into the hands of the many instead of keeping it in their own? We fear the almost universal verdict must be that Number One is the person whose interest they care most about.

It may be that one of those schemes would be for making a dock at the mouth of a river several miles from a city, and the property surrounding this dock belongs to a rich landowner, who sees at once that such a construction would improve his property by vessels stopping there, and, as a consequence, attracting to the locality families who must have houses, and these cannot be erected without land as their basis. He therefore encourages the plan by taking a few shares and adding his name to the prospectus as a trustee for seeing the prompt payment of the interest for three years. Or it may be that he even goes so far as to allow his name to appear as a director, whereby the public are led astray by the belief that the speculation must be a good one, or the name of the wealthy landowner would not figure in the directorate.

Now, there can be no greater delusion than to suppose that because a wealthy man is a director he personally believes the scheme will be a success. It is often the opposite. If he thoroughly believed in such a result, his name would not, in all probability, be associated with a company; but it is perhaps because he feels certain the concern cannot

pay that he only takes shares, and to him advantages will accrue let the speculation turn out how it may, because the small amount he will lose on the shares will be made up to him perhaps twenty or a hundred fold from the increased value of his land, by converting that which was almost a *terra incognita* into a place at which many people stop daily.

Or be it to form a railway the name of the landowner may be found amongst the directors; for the experience of the age has taught him that where railways now come, land increases rapidly in price, and the landowner is largely benefited, even though the shareholders who have contributed to that augmentation have made a miserable speculation.

What are the conclusions to be drawn from all this, it may be asked. We reply, that whenever you are solicited to become shareholders in any little dock scheme, or to help with your money to run a railway through a comparative wilderness, assume that the object thereof is to benefit others at the expense of yourselves and others like you, and read with grave doubt statements made through the media of prospectuses and newspaper puffs.

We would, however, say that docks and railways are not the only things you may sink your money in. You may go much deeper than either of these, for you may even delve down into a coalpit, and get rid of your money as effectually as by any of the other numerous modes which now exist. Indeed, we know at the present time a pit in the eastern division of

the county of Somerset in which three or four fortunes have been lost, and yet the voracious maw of this cormorant is open to engulf as many more as the public can supply. Never within our recollection has much been raised from the bowels of the earth by its machinery beyond water, and coal about as fine as gunpowder, just enough of the latter to keep up the steam for raising both commodities; and yet on the last occasion when this pit was formed into a joint-stock company, limited, the country was flooded with prospectuses promising mighty dividends; and even at the headquarters in London large lumps of the best-quality coal were displayed as the product of this very pit.

We never saw these lumps delved from this particular colliery, and hence, with its antecedents fresh in the memory, we should be somewhat sceptical whether it was not a case of false identity, and that they must have had their birth in another part of the country. However, the bait of six per cent. for a certain number of years was swallowed, the capital raised, operations commenced, and continued until the money was spent in one way and another; and after going through various transformations, this *El Dorado* is now closed, and only awaits the advent of another promoter, when the swindle may be started again, and the process of water-pumping and coal-dust raising be proceeded with until the capital is gone and the plant gets into the hands of the sheriff's officer, as it has done several times before.

We wish this were, of its kind, an isolated failure, but we have too much reason to fear that such is the rule, and not the exception, with this and kindred concerns; and not only as to coal mines, but as to companies of many other descriptions, as a perusal of the daily papers and the records of the courts will amply confirm.

Of the shares of the pit to which we have specially referred, we think few if even a single individual residing in the immediate locality took a solitary share, except those who had an interest in the company before it came to one of its stand-still periods.

The dismal conclusion we must draw from this is, that the money was subscribed by persons at a distance, who knew nothing whatever of the unfortunate speculation into which they must have been inveigled by the tremendous profits anticipated, but which the unfortunate contributors never saw realised.

CHAPTER VI.

ORDINARY PARTNERSHIPS OF THE DESCRIPTION FRE-
QUENTLY ADVERTISED IN THE NEWSPAPERS, AND
THE DANGER INVOLVED IN JOINING THEM.

READERS, beware of being drawn into forming a partnership with any person whose antecedents to you are unknown. Out of the large number of advertisements which appear, we are bold enough to express our opinion, that not one of every half-dozen turns out advantageous to the investor. And the reason is not far to seek ; for it may safely be assumed that a partner is usually required when business is come to such a pass as to render its continuance almost an impossibility without the introduction of new capital ; and to effect this desideratum the proprietor advertises for a partner with capital. It is not an infusion of new blood, which we sometimes hear so much about, that is here wanted, but usually nothing more nor less than money.

Sometimes success attends the advertisement, and with the cash thus obtained it is found practicable to conduct the business for a brief time by applying the capital of the incoming partner in discharging

the most urgent liabilities, and the proprietor taking care to appropriate to himself some portion of the new capital for permitting his partner the privilege of joining in a business in which his pecuniary ruin, or considerable loss, is almost as certain as if he threw his money into the sea. This is not mere pessimistical assertion on our part.

We could prove from personal observation many cases where businesses have been carried on through a long series of years, first by the father, then by the father and son, and afterwards, for a time, by the son alone after the parent has been gathered to his fathers. But, alas! for the energy of the times in which we live; the son thinks his father's mode of doing business was slow, antiquated, and out of harmony with the requirements of the day, so he determines to alter all this.

Forthwith he proceeds to purchase a larger and more varied stock than the exigencies of his business really demand; advertising largely forms a heavy item in his expenses; he keeps his country-house, and his horses and conveyances; but this altered and extravagant mode of conducting his business soon compels him to open his eyes to the unpleasant truth that bills are maturing, and difficulty will be experienced in meeting them. He is not oblivious that dishonoured bills are amongst the most detestable portions of the contrivances of a mercantile community, and are oftentimes the gaunt shadows of bankruptcy or compromise. But how to obviate or

remove these unpleasant things is with him the difficulty. Money is the only lever that can lift him out of the slough into which extravagance and overtrading have thrust him; and this he must raise by some means, or face bankruptcy with its attendant disgrace, and notably so when that act is brought about by his own imprudence, as in the present instance, and not by misfortune.

There, however, appear open to him two courses, one of which is to sell off his stock and effects, realise all his assets, and pay his creditors; but here he is confronted with the great obstacle, that his means of support would by that act be cut entirely away. Another method, and the one he eventually resolves upon, is to advertise for a partner with capital, this amount being regulated according to the nature and extent of the business; and we think that from five hundred to two thousand pounds is generally the sum much oftener than larger ones supposed necessary to prop up this class of men for a little time. And a very usual inducement is to state that a knowledge of the business is not essential. This non-essentiality of business qualifications tends to widen considerably the area from which partners may be drawn. It even opens the door to butlers, gentlemen's servants, and even superannuated housekeepers and domestic servants, who may have had legacies left them by kind and considerate masters; and from so extensive a radius

a partner may be found. After the money has passed into the description of trade we are indicating the tale is soon told. In a few months, or perhaps a year, new bills come in, and the business which would not support one family cannot be made elastic enough to keep two, and collapse follows as certainly as night follows day.

We are not disposed to be uncharitable towards any, but common observation dictates to us the fact, that few men are to be found in the world so unselfish as to wish to share a portion of the profits of a lucrative business with others, purely for the manual or mental assistance an incoming partner may render; and there is scarcely a business in the kingdom so large but that it can be managed by the head of the establishment, with able, energetic, and properly paid managers and assistants. Hence, when you read an advertisement for a partner, rush blindly, if you will, into the opinion that capital is wanted, and not manual assistance or brain power, and you will be many times oftener right than wrong.

Still we must be permitted to slightly qualify our general assertions, and explain that they relate more especially to comparatively small affairs, into which the infusion of several hundreds, or perhaps a thousand pounds, may be all the sought-for partner is expected to sacrifice, and are not so applicable to large establishments from which withdrawal of capital takes place by reason of the death of a partner, and

which necessitates an influx of capital from another source, in order that the business may be continued in its entirety.

An incoming partner runs much less risk, in proportion to the amount invested, in a large establishment than in a small one, because in the former the books are regularly kept by and the state of the transactions largely known to the clerks and assistants, while in the latter the master himself has the key to his own embarrassment, and will permit few to gain access thereto.

Should you decide upon becoming a partner in any advertised business, the proprietor of which you are not personally acquainted with, be most careful to have the books thoroughly investigated, and by the best means at your command find out the personal character of him into whose hands you are about to commit your financial destinies; and never lose sight of this truth, that it may be in his power to utterly ruin you. Be also especially careful to discover his reasons for requiring a partner; and if you suppose, from inquiries made, that possession of your money is the main object, then have nothing to do with the affair, or the chances are you will throw away your money and involve yourself in difficulties.

Far be it from our intention to assert that times do not exist when a partnership may be entered into with profit to both partners; but, as a rule, this will usually happen between persons who know each other well, and then personal probity is about the

strongest guarantee each can have with the other, apart from the capital to be brought into the business.

Occasionally it may, of course, happen that, from age or bodily infirmity, a person desires a partner in whom he can confide, in preference to having hired assistants; but this rarely happens, and when it does, the man who wishes to take things easy would in many cases act with more prudence were he to sell his business outright rather than encumber himself with a partner, because an original partner incurs nearly the same risk in various ways from an incoming partner that the latter does from the acts and deeds of an original partner. Before a partnership is actually begun, it is desirable, and indeed we may say necessary, that a deed of partnership should be drawn up and executed containing the various stipulations agreed upon, such as the capital to be brought in, the term for which the partnership is to last, the proportion of profit each should be entitled to when they do not share equally, and a variety of other matters; but perhaps, over and above all other conditions, the times and terms upon which a dissolution may be effected, whether on one side only, by mutual agreement, or by death; and the mode in which one partner shall pay the other for the share of the business when dissolved should be most carefully and fully provided for. In the absence of a provision for terminating the partnership, one may find the other stick to him with a tenacity

which nothing but death or the costly and cumbersome machinery of a court of equity can release him from.

This is a transaction in which a solicitor should be employed to draw up the deed, because practice will have taught him what special conditions to insert over and above the bare heads of the compact which the parties have agreed shall form the basis of the document. They may perhaps be astonished at the length and the consequent charge for preparing the deed, but in the end it will be money well spent.

To indicate the immense power for mischief which one partner has over another, if disposed to use that power in the wrong direction, we would just direct attention to the following maxims—amongst a multitude of others which will be found in the text-books of legal writers—incident to partnerships.

Mercantile partners bind each other by accepting bills, and each partner in trade is liable for the contracts of the others, not only to the extent of the capital he has embarked in the concern, but to the full extent of his means, unless the partnership be one of limited liability.

In law all the members of a partnership are regarded as one person, and each is deemed the agent of the others, and may bind them by his contracts, his notes, bills, and engagements, unless there has been some express stipulation with parties to the contrary.

All bills and notes drawn or accepted by one part-

ner in the name of the firm are binding upon all the members.

The foregoing legal rules, though short, are but a few out of a great many others which might be cited ; but these we trust will suffice to awaken due precaution in all who may be about to enter into partnership with others whose antecedents and business habits they are not intimately conversant with.

Some years since a gentleman consulted a very shrewd solicitor with whom we were acquainted as to becoming a partner in a trading concern, and the solicitor's advice to him was to have no partner other than his wife, unless he was quite prepared to risk being ruined, if the man, of whom he seemed to have but slight knowledge, should turn out a rogue and a cheat.

CHAPTER VII.

PUTTING MONEY INTO A BUSINESS.

THIS particular species of investment or way of losing money is by no means an uncommon one, though, we believe, confined to a large extent within the circle of old female servants and housekeepers, who by dint of long servitude have accumulated sufficient means, if prudently managed, to provide them with a comfortable subsistence during the remainder of their days.

Unfortunately for this class, it is very generally known by the tradesmen with whom they have been in the habit of dealing on account of their employers, that by means of wages and perquisites they have got together a substantial sum of money, and hence those retired domestics frequently become a prey to men of a certain kind, who, dissatisfied with the business they are doing, are ambitious to introduce into their small establishments large notions, but cannot do so for want of means.

Possessed of this knowledge, Mr. Figs or Mr. Souchong finds it a comparatively easy thing to borrow the savings of Miss Jones or Mrs. Brown to

put into their business; and to make the thing appear quite right to the confiding females, the borrowers give them what they pretend is a security for the money in the nature of a note of hand, payable perhaps several years after date. With this so-called security, the promise to pay on which the lenders look upon as about on a par with that made by the chief cashier of the Bank of England, they are perfectly satisfied; for they have not yet arrived at that commercial wisdom which teaches that a promissory note without the means to meet it is not worth the stamp thereon impressed.

Doubtless it flatters the vanity, and adds to the self-respect of the Joneses and Browns, to feel that their money is embarked in trade, and that they are in some vague way partners with Figs and Souchong; and a flush of honest pride mantles their cheeks as they, in semi-confidence, make known to their rustic relations the important position they stand in with regard to the grocer and the tea-dealer. And what with the knowledge that their money is in the trade, and that they also have a security in the shape of a note of hand from the man himself, they consider the investment as safe at six per cent. as it would be in consols at the low rate of three, and plume themselves upon their good fortune and exalted wisdom in making so prudent a use of their money.

Let us however say, very emphatically, that we consider Miss Jones and also Mrs. Brown very stupid for lending their savings to such people as

Figs and Souchong, because we look upon such investments as amongst the risky ones people dabble in. Directly money has been parted with in that way, it may be considered as *sunk*, because it is almost impossible to get it again when wanted, or, at the very least, without considerable notice, so that Figs or Souchong may have ample time to find another flat to replace the others—to find, as it were, another Peter to rob with whose spoil to pay Paul. And to enforce the return of the money by legal proceedings would irretrievably ruin the establishment, and compel the lenders to come in with the other creditors; and if the promissory-note given by the borrower should be at several years' date, then patience must be exercised until the end of the time, as under no circumstances could the lender take the initiative in bringing matters to a close, however strongly she might feel the jeopardy of her money.

Let us exercise our imagination, and look at the business in which the money has been invested a year or two after the perpetration of that act of folly. On the strength of Mrs. Brown's loan, Mr. Souchong thinks he must prevail on his landlord to put in a new shop-front, for which he pays an increased rent. The back-parlour, which was previously used as a sitting-room for the family, and from which they could view what was going on in the shop and how the assistants were demeaning themselves towards the customers and the till, is converted into an office or counting-house with expensive fittings; the

upper rooms are used for warehousing and storing more goods than the extent of trade warrants the shopkeeper in purchasing, and a villa a little way out of the town is taken for the family, so that they may keep pace with other tradesmen who have made their capital, and who are, besides, carrying on business with their own money, and have the great advantage of buying in the best markets with ready money and taking their discounts.

The altered arrangements of the borrower occasion enormously increased domestic and commercial expense, but with the outside tinsel and glitter the unsophisticated lender is perfectly satisfied, and thinks what a grand business Mr. Figs must be doing, as evidenced by his country-house, his horse and four-wheeler, and the expensive dresses of his wife and daughters. But, alas ! appearances are deceitful, and, as the Psalm of Life truly says—

“Things are not what they seem.”

Business does not proceed *pari passu* with the expenses ; the merchant's bills come in and must be paid ; this necessitates either the borrowing of more money or dishonouring bills, and the latter means serious damage to credit. In order to patch up matters a little longer, recourse is often had to the money-lenders, who advance a comparatively small sum at a ruinous rate of interest, and thus the extravagant trader is able to stave off the evil day a short time longer. But as surely as one day

succeeds another, matters are soon brought to a crisis either by the loan society taking possession and sweeping away the lot under the bill of sale, or liquidation or bankruptcy ensues. What then becomes of the money of Miss Jones or Mrs. Brown?

“Gone, alas! for ever gone,”

is the answer, and she must come in as an ordinary creditor, and receive perhaps a shilling, or, it may be, a half-crown in the pound, at a time when age and infirmity are upon her, and her work is done so far as domestic service is concerned.

Thus, through injudicious confidence in placing her money in business, as she supposed, while in effect it was nothing more than an ordinary loan without security, she is reduced to poverty, and perhaps eventually becomes familiar with the interior of a workhouse.

Our candid advice to the persons for whose benefit we have written this chapter may be summed up thus:—

Do not hearken to the humbug of Mr. Figs or Mr. Souchong as to placing your money in their business or anybody's else; and when they complacently talk glibly to you about giving security, and you find that security is nothing more than an empty note of hand, do not connect with it the absurd idea of value, or you may be cruelly disappointed. But should you be so far taken off your guard as to advance money on a promissory-note, be sure to have

it made payable on demand, and at no other date. Then, if you suspect things are going awry, you will have the option of being as early in the race for the spoil as other creditors.

The very circumstance of any person borrowing money of another, and giving him or her a bill at a long date, by which we mean two or three years after date, except under very special conditions, is to our minds *prima facie* evidence of trickery, cunning, and unmanly conduct, if not even something much worse.

CHAPTER VIII.

WANTED TO BORROW THIRTY POUNDS FOR ONE MONTH,
FOR WHICH A BONUS OF TEN POUNDS WILL BE
PAID, AND PROPERTY DEPOSITED WORTH THREE
TIMES THE AMOUNT.

THIS looks like something worth having, a person with whom business might be done highly remunerative to him who has a few pounds of hard-earned savings on hand, which he has not perhaps intrusted to the safe custody of a Government or other Savings Bank. Ten pounds for the use of thirty pounds for a month! Why, this is at the rate of four hundred per cent.!! The scamp who wishes to borrow at this ridiculous rate of interest is written to by the simpleton who has saved a little money, but does not know how to keep it, and the former soon responds to the communication of the latter.

On receipt of the letter, the four-hundred-per-cent. man puts in his appearance most likely attired in clerical habiliments, such costume being doubtless selected as calculated to impress the lender with the belief that he is a man of immaculate life and deep religious convictions. Well, now, we do not think

many people would guess what it is this rascal has to offer as security, unless some one had told them, or unless they had been silly enough to lend their money, and had attempted to realise their security after default had been made in payment on the day stipulated for that purpose.

The security, then, which fellows of this class offer is usually some pawnbrokers' sham duplicates of watches and jewellery, which they represent as being pledged in a neighbouring city. If the trick be attempted in Gloucester, probably the duplicates would represent the goods to be pledged at Cheltenham; if Bath be the field of operations, then Bristol or Trowbridge might be the supposed *locus standi* of the *valuables*.

At other times the security offered may be some spurious diamond or other rings, or apparently gold watches and chains, so much like the genuine articles that it is almost impossible for an untutored eye to detect the imposition. But by whatever means your money may be wheedled out of you, this conclusion you may safely arrive at, that if the affair is not a swindle, then for your sake it is a fortunate thing that there is no rule without an exception, and that your case is the one exception.

Wait but the arrival of the time when, according to the compact between you and the borrower, the money becomes payable, and you proceed to redeem the articles, the conviction of one of two things will soon force itself upon you, namely, either that there

are in pledge no such articles as those of which you hold the sham duplicates ; or that, if such there be, you will, after paying for their redemption, discover that, through the ignorance or collusion of the pawnbroker, the articles are worth next door to nothing.

Or if the security left with you be four gold watches, represented to be worth twenty pounds each, and several gold chains said to be of the value of five pounds each, you will find, when you attempt to convert them into money, that the gold watches are splendid imitations of genuine eighteen-carat gold watches, and that the chains are equally good imitations of valuable gold chains, though the watches may be bought at Birmingham and other places for less than a pound each, and the chains for a few shillings per dozen of the manufacturers.

If the temptings of avarice at any time impel you to have dealings with any of these gentry, ask yourself a few sensible commonplace questions, and answer them discreetly, and then, we think, you may defy the temptation with which you are menaced. Among the queries you may address to your mental self may be the following :—If the man wants money, and has valuable property worth ninety pounds, why does he not sell it, or a portion of it, and provide himself with the money he wants, in preference to wasting his slender resources in advertisements, time in calling upon persons, and, in addition to these, paying at the rate of four hundred per cent. per annum for the accommodation ?

Once get the habit of reasoning upon these specious transactions, and you are irresistibly forced to believe that the advertiser is either a knave or a lunatic; and, if he be the first, business with him means certain loss to you; but if he be the second, any advantage you might reap could be taken from you on the ground of his being *non compos mentis*; and hence, have no dealings with him at all, that is our advice. Keep your money in your pocket and let him retain his abominable trash.

CHAPTER IX.

A LADY, HIGHLY EDUCATED, AND MOVING IN A SELECT CIRCLE OF SOCIETY, IS ANXIOUS TO BORROW A HUNDRED AND FIFTY POUNDS FOR ONE MONTH, FOR WHICH A HIGH RATE OF INTEREST WILL BE PAID.

THIS is a sham so barefaced that one is almost surprised that it ever finds its way into the columns of a newspaper. The first suggestive idea that would enter the head of a detective officer would be, that such a highly educated and select-circle-moving lady was, what alas ! most of us are—no better than she ought to be ; and, theologically and scripturally, he would certainly be right.

That a lady moving in such an exalted sphere should be constrained to make an appeal to the charitable for help is most distressing. It suggests a multitude of unpleasant and degrading reflections upon humanity. If this highly educated lady is reduced to the necessity of obtaining aid from the public, then, we say, it must deeply lacerate her sensitive nature to know that she is driven to so plebeian a way of sustaining herself. But does it not seem

strange that, in her distress, she does not apply to some of the "friends of the needy," as the money-lenders style themselves, and borrow of them, in preference to spending her slender resources in advertising? There is doubtless a good reason. The money-lenders seldom make advances without being tolerably sure of seeing their money again; but in this lady's case, such a vision would, perhaps, be outside the pale of probability; and her application, as she knows, would be fruitless. Failing to succeed with the money-lenders, why not obtain temporary aid from her aristocratic friends?

Ah! there's the rub. The whole thing is a deception, and is but another of the snares that are strewn about to entrap the feet of the unwary. This *lady* is no doubt the accomplice or the tool of some deep designing scoundrel, who uses her as a decoy-duck to entice the foolish and the sympathetic.

Let us draw some indisputable conclusions from the text of this chapter. If such a person were what she represents herself to be, why did she not apply to her friends or to her solicitor for assistance, in preference to making an appeal to the public? It is usually supposed that when a person moving in respectable society happens to be temporarily inconvenienced through some unexpected event, the best way is to go to a friend who has money and ask for a brief loan; and such an application is rarely met by a refusal when the cause of the passing embarrassment is known. But when an appeal

is made for a loan through the medium of a public journal, it is at once a libel upon her friends, whoever they may be, and debasing to herself, if she be a lady in even the ordinarily received use of the term, which we should strongly doubt, and opens the door through which stupid fools may run with alacrity, in knight-errant fashion, to help a lady in distress, which is the effect this peculiar style of advertisement is meant to produce.

CHAPTER X.

THE PROMOTER, MANAGER, AND JUDAS OF SMALL SHAM
BENEFIT SOCIETIES — CONVERSION OF A BURIAL
COMPANY INTO AN ACCOUCHEMENT ASSOCIATION.

NOTHING on earth varies more in form and magnitude than the swindles and impositions with which the world is flooded at the present day. To those who have the misfortune to be afflicted with *ennui*, and have no better way of killing time, as the familiar but terrible phrase runs, some profit may be derived by the study of newspaper reports, from which they will certainly be taught this, if nothing better, that the creative powers of man are remarkable in every way, whether they be considered morally, socially, scientifically, philosophically, or rascally. But in the latter sense their resources are unquestionably transcendent; in confirmation of which, the case of the robbery of ten thousand pounds from a lady by means of a sham newspaper and other subtle and complicated devices, may be referred to. Or you may carry your investigation of the inventive and creative powers of man down to a lower strata, and there you will find a discharged Scripture-reader

committing a series of petty contemptible robberies of the poor by representing himself as the agent of "The Christian Mutual Friendly Society," which, in consideration of a weekly payment of twopence, was supposed to supply the representatives of a deceased member with five pounds to bury him. This same society goes through various transmogrifications, until eventually the fertile brain of the inventor metamorphoses it into "The Royal Elizabethan Accouchement Society!" thus bringing, as it were, life out of death. But this appears to be the latest achievement of this master-mind; for the powers before whom he was arraigned were not sufficiently enlightened to appreciate his marvellous skill, and persecution fell to his lot, like it did to Gallio and other great spirits whose powers and ideas were considerably in advance of the age in which a cruel destiny had placed them, and the result of his ingenuity was consignment to a felon's cell.

There is, however, a grotesque as well as a serious side to this man's impostures; and were it not that disgust at his rascality overcomes our sense of the ludicrous, we should be disposed to laugh heartily at the audacity of one who could convert a burial club into an accouchement society, and thus practise upon his dupes the marvellous deception that while they, most of whom were old men and women, were paying twopence per week towards their burial, as they supposed, they were in reality, under the newly constituted society, making provision for pecuniary as-

sistance in the hour of nature's trial when they should give birth to children.

In his description of the mode of conducting business by the "Anglo-Bengalee Disinterested Loan and Life Insurance Company," Dickens is considered by many to have caricatured a certain class of offices too severely. We are not, however, among that section of thinkers; and what he described in satire has been perpetrated in reality many times since by innumerable Montague Tiggs'.

The discharged Scripture-reader before alluded to plied his nefarious vocation in Bristol and neighbourhood, where he managed to defraud hundreds of poor people of their money. The law, however, is generally strong enough to seize small fry of this kind, although those of a much larger growth sometimes escape with impunity.

The barefaced effrontery of the individual under notice, and who, we fear, is a representative man of a very large class, is so interesting, that we shall immortalise his exploits, though not his name, by reporting the speech of the solicitor engaged to prosecute; and if our readers wish to read the whole case, they will find it reported in the Bristol papers for the month of June. If they fail to extract amusement, we doubt not that instruction may be conveyed in the shape of warning against trusting money in the hands of cheats who set themselves up as the representatives of sham societies with verbose and high-sounding titles.

“ EXTRAORDINARY REVELATIONS.

“ At the Council House, yesterday, the prisoner T. B., described as an insurance agent, and stated to have formerly been a Scripture-reader, was charged on remand with obtaining unlawfully and by false pretences the sum of fourpence from B. A., with intent to cheat and defraud. He was now further charged with unlawfully obtaining various sums of money from M. H. and from T. P. ; and there was a fourth charge of obtaining money in a similar way from H. A. P. Mr. B. appeared for the prosecution, and Mr. T. defended the prisoner. The particulars with reference to the first case have already appeared, when the case was heard before the magistrates last week. It will be seen below that the police informed the court that there were 200 or 300 cases, and numerous were the complaints which had reached them.

“ Mr. B., in opening the case, said he appeared to prosecute the defendant on the several charges that had been read over. Shortly stating the facts, he said the prisoner appeared to have carried on the business of an insurance agent, or rather, he might say, he had kept a sham insurance office in Bristol, for a considerable length of time. He further had been in the habit of issuing cards or ‘ policies ’ to a large number of the working classes in this city, and from time to time he had obtained money from them, under the pretence that these companies were genuine insurance companies. The case of B. A.

had already been partly gone into. In the year 1871, about 31st May, a policy was issued from an office called the Christian Mutual Friendly Society. The weekly payment was twopence, and the sum insured on death was £5. In 1872 the Christian Mutual seemed to have ceased to exist, according to documents issued by the prisoner himself—if, in fact, it ever had any existence at all. B. A. paid these weekly premiums of twopence down to December 1872 upon the cards purporting to be issued by the Christian Mutual Friendly Society. In the beginning of 1873 fresh cards were issued, and they appeared to have been printed in this form—‘The Foreign Government Security Mutual Assurance Society.’ Probably the ‘Foreign Government Security’ was not sufficient to satisfy this gentleman, and therefore he altered this to the ‘Positive Government Security Mutual Friendly Society,’ the word ‘Foreign’ being erased and ‘Positive’ written over it, and the word ‘Friendly’ being inserted in writing. It was there also stated where the chief office was, and it went on to give the name of the person insured, the date when the insurance was first taken out, the age, the amount of the weekly premium, and the sum payable at death. On the bottom of the document was written, in the prisoner’s handwriting, ‘Subject to the rules of the late Christian Mutual Society.’ What he wished to call attention to was this, that there was a direct representation that this was a ‘friendly society;’ and amongst other things there

was this representation, that 'by the rules of this society the funds must be invested in carefully selected Government bonds.' Mrs. A. went on paying upon cards similar to the one he had read down to the year 1875. And then it appeared a different card was issued, in which the society was called the 'Royal Elizabethan Accouchement Benefit Society.' This lady, Mrs. A., when she insured in 1871, was sixty years of age, and what benefit she was going to derive at her age from a society of this kind—the Royal Elizabethan 'Accouchement' Society—he was at a loss to understand. (Laughter.) The thing was not explained to her, as she would tell them, and the lady was under the impression that the first policy handed to her—the 'Christian Mutual'—was still in existence, that there was such a society, and she still continued paying on till some time last year, when she ceased to pay. He should prove these facts, and also that these alleged societies had no existence at all excepting that they were centred in the prisoner himself. In fact, there were no such friendly societies registered, as they should have been, in pursuance of the Act of Parliament. In some of the cards the prisoner described himself as 'secretary,' in others 'honorary secretary,' and he further put 'by order of the Board of Management.' In fact, the Board of Management, the secretary, the hon. secretary, the society, and everything else, were vested in the prisoner himself. He had been collecting money in this way from several hundreds of persons for a considerable length of time."

CHAPTER XI.

MISCELLANEOUS SWINDLES — SHAM BANKS — MONIED
SECRETARIES FOR BOGEY COMPANIES — SITUATIONS
FOR CLERKS WHO MUST DEPOSIT MONEY — PAWN-
ING HOUSES OF FURNITURE, ETC., ETC.

WITH the view of showing the absurdity of persons who expect to get a rate of interest for their money considerably above what it is possible to make legitimately, by which we mean anything above four, five, or six per cent., we shall refer to a bank which collapsed about two years since, whose founder, manager, treasurer, and sole director was Richard Banner Oakley, now in "durance vile," who promised to pay any and everybody who invested their money in his co-operative credit bank eighteen per cent. for its use. Our main object in referring to this infamous concern is to impress on the minds of the unsophisticated portion of our readers the danger they incur in believing everything they see in print as to this thing, that, or the other, being able to pay an enormous percentage. We tell them plainly it cannot be done. If they wish to keep their minds at ease and feel that their savings are secure, let

them not go much beyond savings banks, mortgages properly secured, or shares or deposits in well-conducted building societies, from which, however, they must be content to receive from two and a half per cent. in the Government savings' bank up to five per cent. in a building society; but of this we shall say more in the second part.

A fact deeply to be deplored is, that almost every scheme akin to the so-called bank is contributed to chiefly by what we shall term the lower strata of the respectable class of society, such as usually have a small independent income, but so meagre as to make them keenly alive to the knowledge that a slight addition thereto would add much to their comfort.

Between three per cent. in the funds of the British Government and eighteen per cent. promised by an adventurer, there is a great, nay a very great, gulf; but, to the extent of many thousands of pounds stolen from the class we have described, the manager of this scheme constructed a bridge over which they passed with their money, but were never able to bring it back. He apparently convinced many that it was quite an easy affair to make eighteen per cent. by the money lent to him, and secure to himself a handsome income besides. The speciousness of his plan of operations, as enunciated in the circulars and articles written by him in various forms, and the bold impudence with which he proclaimed the certainty that the profit could be realised, and the unblushing, scandalous, calumnious, libel-

lous, and disreputable aspersions cast upon commercial undertakings of the highest class, were the base means to which he had recourse to help him in that grand swindle by which he duped the public of thousands in a brief space of time, and to meet which he had, when bank-syncope occurred, the magnificent sum of about elevenpence halfpenny!—if we remember rightly.

So much for the scheme of the man who made cheating, lying, humbug, claptrap, and the depreciation of other banking establishments the lever by which he twisted the money out of the pockets of the eighteen-per-cent.-interest people.

Some of the statements made by the inventor of this stupendous humbug are so unique that we shall reproduce a few, in the hope that if our readers should at any time hereafter see anything which promises such mighty results, they will think of the thousands of pounds raised, and the slender sum the manager left to provide for their discharge. And here we are tempted to remind our readers—some of whom may still remember it too well—that this is not the first banking establishment that promised unusual advantages to depositors and failed. Carry the memory back a few years to the Bank of Deposit, and some of you may perhaps remember how you were foolish enough to invest not only your own money but even that of your children, down to the babe in the cradle—for, to make the mischief as widespread as possible, the money of babes and

sucklings was not rejected—and there you get another example of the way in which impudent assertion, a defiance of commercial experience, combined with ruinous official mismanagement and malversation, ends in death to the concern, and almost total loss to depositors, insurers, annuitants, endowees, and shareholders. Some may say, “Why refer to a concern which is extinct, and whose manager is out of the way of doing much more mischief?” We reply, that upon good authority we are told there is nothing new under the sun, and though this thing is at an end, another may rise almost any day from the ashes of the former, having like vicious propensities; and it is to guard our readers against such that we have penned this chapter.

The following is a quotation from the prospectus of this so-called bank:—

“The object of this scheme is to afford to smaller capitalists an opportunity of participating in the enormous profits which are daily being made in the London Money-market by the magnates of finance.

“It embraces all the useful features of a syndicate, a joint-stock bank, a private bank, and a finance company, without the disadvantages attending any of them. In comparison with a syndicate, it possesses a wide and varied, instead of a limited and special field of operations. Its profits are frequently divided, instead of awaiting the result of operations which may require years to mature. It is conducted by one mind, thereby avoiding divided counsels, a constant source of ruin to syndicates.

"The vast bulk of its capital being held at long notice of call, it can safely enter into lengthened engagements, which no bank, liable to be called upon for its deposits at a moment's notice, could with safety undertake. No panic in the Money-market can affect it adversely."

The foregoing extract from the prospectus is sufficiently long for our purpose. But, not satisfied with this mode of making his scheme known, the manager of this prodigious fraud and barefaced robbery was also the proprietor of a paper called the "Co-Operative and Financial Review," in which he wrote articles, and then issued them in the form of a pamphlet, which he caused to be largely circulated amongst all whom he supposed it might concern. These articles are couched in language most grandiloquent and bombastic; so much so, indeed, that they are worth epitomising for the sake of exhibiting the style of their author, if for no better or stronger reason. Here is a specimen :—

"*Si fractus illabitur orbis. Impavidum ferient ruinæ.*"

"We are writing amidst the ruins of commercial empires. The kindly words of warning, which in our previous numbers we addressed to the banking world, have fallen unheeded on listless ears, and the ruin has come. To how many homes of the widow, the orphan, the clergyman, and the struggling professional man will this great failure of the great house of S. & Co. bring misery and desolation! The

liabilities are variously estimated at from six to eight millions. Let every one, whether he be a joint-stock bank shareholder or depositor, remember that the balance-sheet of a bank is not an independent document, such as that of the Co-Operative Credit Bank, and then let him consider for himself whether, in the face of these continued miscarriages on the ordinary banking system, there is not only real, but sole safety, in co-operative banking. When all these unsound and effete institutions have closed their doors and passed away into oblivion, the principle of co-operative banking will stand like Charlemagne, a stately column amidst the ruins of an imbecile antiquity."

Alas ! alas ! for the stability of human greatness ! Where is now the magnificent structure which was to stand like a stately column amidst the ruins of an imbecile antiquity ? Echo answers, Where ? But we can tell our readers, as some of them perhaps know too well, that the fabric is crumbled to dust, and the architect of that structure met with his deserts by incarceration in a gaol, where the opportunity for mischief is denied him for some years at the least.

Here is another choice morsel from the same master of language and deceit :—

"There is a tide in the affairs of men, which, taken at the flood, leads on to fortune ;" but, once lost, it can never be regained. And so it is with the great scheme of financial emancipation projected

by the Co-Operative Credit Bank: it is an opportunity which, if neglected, may never occur again. It is an opportunity for the striving, honest tradesman, debarred from banking facilities by the harsh terms of joint-stock banking; for the professional man—whether in the army, the law, physic, or divinity; for the humble toiler at the forge, the workshop, or the counter, as well as for the officers and men in our mercantile marine; for the widow, the orphan; in short, for the possessors of limited means in all classes and grades of society. To the saving and investing classes, whether of large or small means, to all alike is this great boon now offered. Will they refuse to avail themselves of this tide in the affairs of men? At the present moment the condition of banking in England is a tyrannical system of exclusiveness on the part of the joint-stock banks. When, and how, and who will clear out the Augean stable?—The Co-Operative Credit Bank, and that speedily, in the might of the saving classes of this country, if the latter will come forward and take advantage of this great tide in the affairs of men.”

We shall make but one more quotation, and then refer to other means used for bringing the bank into notoriety:—

“There is a hum and a stir in the City—the prophets of evil, and the glorious army of pooh-poohers, are all wrong. The Co-Operative Credit Bank, the popular and the equitable, continues to make pro-

gress. Fresh accounts are opened daily ; fresh connections at home and abroad are continually being formed ; the radius of credit is hourly extending ; a flourishing agency is established at Liverpool, and in all the cities of the kingdom similar arrangements are being made. Whence do these popular manifestations arise ? Because people are beginning to appreciate the safety and the security of the principles on which the Co-Operative Credit Bank is founded."

The statements, the plausibility, and the ingenuity of the master-spirit of this iniquitous concern, would seem to have been almost enough to deceive even the elect. We find amongst the four trustees of the bank one Reverend, who placed unbounded confidence in its stability ; and what the promoter could not do to defraud the public designedly, the clergyman helped to do unwittingly ; for we cannot suppose he was actuated by any but the highest, the purest, and the noblest motives. This clergyman published a letter in a Kentish paper, copies of which letter were scattered over the face of the land, in which he says, amongst other things, as follows :—

"I write as a *trustee*. This is not, as many persons have supposed, a position corresponding to a director in other banks. We have nothing to do with the management of the bank's operations, but are simply elected by the other depositors, as men of integrity, to take charge of the reserved fund ; but our names appearing in print has unavoidably

given us as much trouble as if we were directors, and all sorts of criticisms and objections to the bank have been poured in upon us. Some of these are really too bad. People, without inquiring into the methods by which even other banks make as large profits, have not hesitated to say that any system which promises a dividend of eighteen per cent. must be a delusion. They have not scrupled to declare that Mr. Oakley, the deviser and manager of the scheme, must be only intending to defraud the public; and we have been ourselves, as trustees, blamed for joining it. Every sort of pressure has been put upon us to withdraw. Now, we have confidence in Mr. Oakley's scheme and his management of it, and so do not intend to withdraw, unless for some ascertained fault on his part. We ask, then, can any one point out a single dishonest action in Mr. Oakley's past life? If so, I for one will withdraw from the bank. Or can any one find a case, since the bank began, in which the promised interest to depositors and subscribers has not been paid? If so, again, I will withdraw. Or can any one ascertain from the balance-sheet, or any single operation of the bank, that Mr. Oakley has made any financial mistake of a serious nature? If so, I would withdraw. But until then I do not intend to desert the bank for mere unfounded objections to high interest or ungenerous attacks on this co-operative system of banking. But the best reply to all objections is the actual success of the bank.

It is earning all that was promised. Let the public examine for themselves the next quarter's balance-sheet, which will be published in July, and see for themselves what has been the result. Of course the bank is as yet on a modest scale, but the system is already proved to be feasible."

Sic transit gloria mundi! In a month or two after the circulation of this letter the bubble burst, and all that remained of this mighty structure was a few pence, and sundry office furniture and fittings!!

The next fraud we shall refer to is not on so large a scale as the previous one, but, as we have reason to believe that numbers have been swindled of their money in ways similar to those practised by the worthy whose exploits we chronicle below, we trust this record will prove of substantial value to all who may be hankering after the numerous secretaryships advertised, the condition precedent to obtaining which appointments must be a deposit of several hundred pounds.

The following is a verbatim account as reported in the "Standard," except that we have used the initials only of the names :—

"EXTENSIVE FRAUDS.

"W. H., aged forty-seven, describing himself as an agent, was charged with obtaining money by false pretences from C. M., with intent to defraud. There were three other indictments, charging him with obtaining £10 from G. J. B., £15 from O.

H. M., and also £125 from C. P., with intent to defraud. He pleaded guilty. Mr. H., in explaining the case of Mrs. P., as the worst, and sample of the rest, said the prisoner had for a considerable time past, by ingenious and plausible means, obtained sums of money from various persons by false and fraudulent representations, though at one time he had occupied a highly respectable position and moved in good society. The case of Mrs. P. was similar to the others, and it appeared the prisoner represented himself as a financial promoter of public companies, and was in the habit of using a restaurant kept by Mrs. P. He had frequented her house for about a year and a half, and she believed him to be a respectable man, and occupying a good position in society. She had a son by a former husband named T. T., and it appeared that the young man was out of a situation, and that fact was known to the prisoner by his calls at the house. The prisoner said that he had something that would exactly suit him, as he was about to insert an advertisement in the newspapers for a secretary to the Sovereign Belgian Star Coal Company (Limited). He assured Mrs. P. and the young man that the company was a thoroughly good one, and would certainly pay $12\frac{1}{2}$ per cent. A prospect so lucrative was very gratifying to them, but the prisoner told Mrs. P. that he could not take her son unless she complied with a condition that she must take £500 worth of shares, but she said that was

beyond her means. She said she could raise £250, which the prisoner consented to take, with the understanding that there would be a reduction from her son's salary equivalent to that amount. Mrs. P. thereupon paid the £250, but the prisoner said that he must first lay the matter before the board, and he had no doubt what would be the result. Soon afterwards he informed Mrs. P. that he had secured the place for her son, but with the disagreeable addition that, as a further call had been made, she must pay the remaining £125. She, however, did not pay the money, and the whole thing turned out a sham. Mr. T. never received one farthing wages, nor did Mrs. P. receive one farthing when the 'company' was wound up. During the whole period the prisoner was advertising for secretaries, clerks, and confidential agents, he was in such poverty as almost to be without the necessities of life, for he pawned his trousers for 4s. and his waistcoat for 2s., as appeared by the pawntickets found in his possession. When taken into custody, no less than 721 letters were found in his possession, relating to a great variety of situations for young men of the character indicated by the case now before the court, and twenty-five pawntickets relating to clothing. In addition to the cases enumerated in the indictment, there were against the prisoner a very great number of similar swindles, extending over years. He (Mr. H.) said a Mr. B. was defrauded of £500, and some one at Bristol of £200.—Mr. B.

protested against the course Mr. H. was pursuing, after the understanding that the prisoner should plead guilty. Mr. H. said he was fully prepared to substantiate what he had said, and if his learned friend required it he would proceed to give proof in the witness-box. He hoped the poor widow against whom the calls had been made for the payment of £125 would by some means be saved from the infliction of such a cruel penalty. The Assistant-Judge said it was not in his power to help the poor woman. Mr. B. addressed the court for the prisoner, and said the whole of the money obtained had been paid over to the company, and he had not received a shilling. He then described his career from the time he was sixteen years of age, during which time he occupied positions of trust, and had written political articles, essays, and reviews for the press. He was a man of intellect and intelligence, and he attributed his position to the failure of public companies now being supported by the public, who invested their money in other undertakings. The Assistant-Judge said he had given due consideration to all that had been urged on his behalf by the learned counsel, but it was impossible to come to any other conclusion than that he had been systematically employed for a considerable time past in swindling innocent and unsuspecting persons. Frauds such as those he had deliberately set himself to perpetrate were far more serious offences than ordinary larcenies. He should be wanting in his

duty if he did not visit them with a severe sentence, and the sentence upon the defendant was that he should be kept in penal servitude for five years."

In a smaller degree, but of a similar kind to the last, is the following imposture, which we trust will serve to put upon their guard all who apply for situations where the deposit of a sum of money is the *sine qua non* :—

" FRAUD.

" H. K. S., thirty-eight, described as a journalist, was indicted for obtaining £100 by false pretences. The prosecutor was a young man named A. S., and in September last he answered an advertisement for a clerk and cashier. That brought him into communication with the defendant, who was the proprietor of a newspaper published at L., called the 'L. Chronicle,' who represented that he required a clerk at 30s. a week salary, but he wanted £100 as security. The prosecutor sent down a cheque for £100, but when he went down to L. to enter upon his duties, he found the paper had stopped, and the offices were shut up. The prisoner could not be found, but he subsequently sent a letter to the prosecutor promising to repay the money, with five per cent. interest. The prisoner was convicted, and sentenced to twelve months' hard labour."

The next two cases we insert will demonstrate to the erring the risk they run in straying from the path of integrity and moral rectitude; and it will

also show the general public how unequal and arbitrary appear the punishments awarded for different offences; because, while an illiterate man gets five years' penal servitude for obtaining from a burial club five pounds by false pretences, the clerk to a building society receives a sentence of nine months' hard labour for embezzling £300!

“FORGING A CERTIFICATE OF DEATH.

“At the S. Assizes yesterday, Mr. Justice M. sentenced a labourer, named N. P., to five years' penal servitude for forging a certificate of the death of two children at H., thereby obtaining £5 from a burial club under false pretences. The forged certificate was a most illiterate one, and the judge expressed surprise that the club trustee, a clergyman, had been so easily deceived.”

“ROBBING A BUILDING SOCIETY.

“At the H. Assizes yesterday, J. J. F., thirty, clerk, was indicted on three charges of having, whilst a servant of the Hants and Dorset Starr Bowkett Society, embezzled some money, amounting to £26, received by him on account of the society at H. He pleaded guilty to one of the charges. It appeared that the prisoner was the society's agent at B., and Mr. M., who had been retained to prosecute, said the prisoner's plea would amply satisfy the society. He had been employed by them for some time, and great confidence was reposed in him. Under one of the rules it was his

duty to receive moneys on behalf of the society, and to bank them within forty-eight hours. Finding something was wrong, the secretary requested him to render an account. He did not do so, and pressure being put upon him, he absconded, but was afterwards apprehended. On his books being gone into, the fact was disclosed, that though between May and September he had banked nothing on behalf of the society, he had paid in to his own private account. The prosecution had found that there was a deficiency of at least £300. The prisoner, in defence, ascribed his yielding to temptation to the negligence of the directors, and said that so convinced were they of their dereliction of duty, that they had decided themselves to make up the deficiency. He was sentenced to nine months' hard labour."

The next fraud we shall notice is of a somewhat unusual kind, namely, that of pawning a whole house of furniture. As a terror to evil-doers the remarks of Mr. Serjeant C. should be read with profound attention, and should any such be caught, their prayer will doubtless be that their trial may not take place before that gentleman.

"EXTENSIVE FRAUDS ON TRADESMEN.

"J. W. D., thirty-five, pleaded guilty to seven indictments, charging him with conspiring with a person named S. (not in custody) to defraud various tradesmen of goods to the value of about £400. The prisoner and the other man had rented furnished houses and pawned

the furniture, and had also obtained goods from tradesmen for which they had not paid. Mr. Serjeant C., in passing sentence, said that robbery by fraud was increasing with such formidable rapidity, that he for one would endeavour to suppress it by the utmost rigour of the law, and he thought it was very much to be regretted that the Legislature had not yet taken measures to grapple more effectually with this form of crime. Although mildly called a misdemeanour, there was no comparison in the degree of moral guilt and mischief to society between the men who set themselves deliberately to plan elaborate schemes of fraud, and those who, in a moment of temptation, or perhaps of distress, picked a pocket or purloined from a shop. Yet every day these criminals were sent to long terms of penal servitude, while the greater criminals escaped with short terms of imprisonment. For his own part, he had resolved to visit all deliberate schemes of fraud with the highest penalty the law would permit; and, therefore, in this case, which was a very bad one, the sentence would be that he should be kept in penal servitude for five years, and if the law had permitted a heavier sentence he should have given it."

We shall say nothing about the numerous cases now *sub judice* beyond recording the fact that, *inter alia*, the following are before the courts:—

One individual charged with stealing fifty thousand bricks, ten waggon loads of mortar, ten loads of timber, ten waggon loads of lime, sixteen wheel-

barrows, and other property belonging to the Midland Railway Company!!

Another man, a solicitor, is charged with conspiring with a person, described as a gentleman, by means of forged and fictitious leases purporting to deal with certain property at Croydon, to defraud a gentleman of fifteen thousand pounds. The same individuals are also charged with actually obtaining from other persons large sums of money, amounting, it is said, to over two hundred and fifty thousand pounds, by the same false pretences!

Look round on whichever side we may, the social and commercial horizon seems black with moral delinquency; and it matters little whether we look at home or abroad, the same pernicious, venal, money-gathering, money-grubbing, money-robbing, money-spending hydrophobia seems to permeate every grade of commercial enterprise.

On the subject of frauds, the learned Serjeant is reported to have said before the Aberdeen Social Science Congress, in the paper there read by him:—

“The law of fraud was in language large, but its efficiency was materially curbed by the law of evidence.

“What he suggested was, by a short enactment to render all frauds special, so that if any person should obtain from any other person money by fraud with intent, he should be subject to penal servitude for any period not exceeding fourteen years, or be imprisoned for any term not exceeding two years,

and be subjected to such fine as the Court might decree. Frauds were rarely impulsive, but the result of deliberation, and of more or less skill; and as the fact that the burden of proof at present rested with the prosecution, this onus should in cases of fraud be dispensed with, and the fraudulent intent should be inferred from a fraudulent act. By such a step not only frauds alone, but all frauds might be effectually punished, and thus an improvement so urgently required in the law of joint-stock companies would be effectually carried by a few simple changes in the law of fraud, which, at present, had not kept legal pace with the changed and changing form of fraud."

CHAPTER XII.

HOW THE BUSINESS OF MONEY-LENDERS AND LOAN-OFFICES IS CONDUCTED, AND THE EFFECT OF GIVING A BILL OF SALE.

“ MONEY ! MONEY !! MONEY !!!

“ MONEY advanced on easy terms, at a moderate rate of interest, and at one day’s notice, from £10 to £1000, to Gentlemen, Farmers, Tradesmen, and others, on their own security, in strict confidence, and without loan-office routine. Distance no object, and no good application refused. Apply to Moses Jewem, Old Clothes Street, Skinnum.”

Here is a refuge for the destitute ! Here is comfort to the dreary and joy for the oppressed. Here, ye poor miserable sons of toil and disappointed commercial hopes, is a panacea for all your griefs. Money is what you want ; go then at once to the chambers of Moses Jewem, and fill your collapsed purse from his plethoric pocket, if you reck not the hereafter which will speedily come upon you. Re-

move from you for a time that crushing burden of debt which oppresses you like a hideous nightmare. Hail with ecstatic delight the glad tidings that you can borrow any amount of money, from five pounds up to five hundred, without sureties, with the closest secrecy, and at a moderate rate of interest, which, with the capital, are payable by easy instalments.

Surely nothing ought to be more exhilarating to the debt-engulfed man than to read such welcome news, to be assured how easy it is to fill his pocket, and dispel from his heart and hearth the incubus which lodges there.

Let us, however, disperse the romance of this monetary mirage, and examine by the light of fact whether the statement contained in the text of this chapter be true, or whether it be a gigantic lie. Let us see how far Moses Jewem, who wishes to lend his money on such easy terms to the borrower, be one who wishes to lighten the burden of the gentleman, the tradesman, or the farmer, by lending money at a moderate rate of interest, repayable by easy instalments, or how far he may be, and is in reality, nothing more nor less than a human harpy, figuratively tearing to pieces the flesh and sinews of his unfortunate victims.

The statements we are about to make with regard to a monetary society or individual who makes known his benevolent intentions through the medium of an

advertisement similar to that at the head of this chapter, we can vouch for as being accurate in every particular; and if all who read this book, except the harpies themselves, do not consider the men who can so heartlessly impose upon the unfortunate and credulous as liars and extortioners of the first magnitude, then we entirely fail to grasp the import of words.

And now for a plain unvarnished tale of a transaction which came under our own notice, and the money relating to which we saw actually paid, so that no mistake can exist as to the nefarious nature of the operation.

The victim of this business is an agriculturist, who foolishly did as many others do, namely, overtraded, or, which is the same in effect, took more land than his capital would permit him to manage conveniently, and the sequence of this unwise act was that he became cramped for money to pay his rent and other liabilities, just as every man does who overtrades. Although apparently pressed for money, our agricultural friend was thoroughly solvent, and had the whole of his stock and effects been realised, he would have had hundreds to spare; and yet, with this surplus, he did not happen to be in a position to pay the last quarter's rent that became due. He had made his hay, and was about to haul it off the land where it grew to other premises in his occupation rented of another landlord, but this the owner positively pro-

hibited until he had discharged the arrears of rent. He might without the slightest difficulty have borrowed the money of his relatives, but felt squeamish about making such an application. Like everybody else who reads a paper, he saw an advertisement similar to the one at the head of this chapter, after reading which, to extricate himself from his present temporary difficulty seemed to him an operation of the most facile kind, ignorantly assuming that he had only to apply to the accommodating money-lender and the cash would be advanced forthwith at a reasonable rate of interest. Let us, however, see how our bovine friend succeeded, and what was the price of his success.

He presents himself at the offices of the individual whose name appears in the advertisement, states the nature of the loan he wishes to raise, convinces the lender that he is perfectly solvent, but is just at that time a little pressed for money, and does not like to borrow of his friends. The amount he wishes advanced is seventy pounds. The clerk, manager, or whatever he might have been, took down the borrower's name and address, the quantity of land he rented, with the names of the fields, the number of cattle, and the description and probable value of the stock on the premises; he also demanded the last receipts for the rent of all the premises held by the borrower, and the production and possession of all agreements and leases of the premises; and being

satisfied of the solvency of the applicant, the harpy arranges to make the advance of seventy pounds in about two days, this interim being reserved no doubt to give time for searching the records to see if any bill of sale had been registered.

At the end of the time named the borrower called, and a *tremendous* bill of sale—and we use the word “tremendous” advisedly—on a lithographed form was given him to read over, made unnecessarily verbose, so that the meaning might be obscured; the consequence whereof is, that although the shameful document was given the borrower to read, he neither read the whole nor understood the purport of the rigmorole.

The force of it, however, becomes to him very apparent one month and a day after he has bestowed upon it his sign manual. The money actually received by the borrower is seventy pounds, as before stated; but the condition of the bill of sale is, that he shall pay ninety pounds in nine months from the date—namely, five pounds on each of the first four months, *fifty pounds* on the *fifth* month, and five pounds on each of the last four months, with a most stringent condition that, in case of default in payment of any instalment at the office in the city where the money was borrowed, on the day it became due, and before the office closed, then the whole sum of ninety pounds should be payable.

We would first interpolate, that although the

name of the supposed money-lender is that of a resident of Skinnum, and the office is located there, it will usually be found that the actual harpy resides at a distance, perhaps in London; so that these nefarious shameful practices can be carried on behind the shield of another's name; and gross as the extortion may be, the moving spirits will tell you that they are only acting under the instructions of their principal.

Agriculturalists, who form a large portion of the harpies' prey, are proverbially unpunctual as regards performing an obligation at the precise time it should be done; but by this let us be clearly understood to convey the idea that, as a class, they are not dishonest, nor do they wilfully violate engagements; but that they are guilty of putting off until the next day a monetary obligation that should be met to-day, few even amongst themselves will deny. When it is a question of one farmer meeting another at a tavern, want of punctuality seldom produces any expense or causes much inconvenience; but when the farmer covenants to pay his first instalment on a bill of sale, such as we have referred to, on a certain day, and he fails to do so before the end of that day, it then becomes to him a matter of some importance.

To illustrate. Let us say the first instalment has to be paid before four o'clock on the first day of any month, and the borrower lives at Chippenham, while

the harpy, or rather his agent, has an office at Bristol, at which the loan is made payable. The borrower does not go to Bristol on the first day of the month, but intends to go the next morning and be there by the time the office opens. Before, however, he can carry out his intentions—on the same evening, in fact, of the day on which the first instalment of five pounds became due—two men call at his house, the one a gentlemanly man so far as regards dress and address, the other a stout, thick-set, muscular individual. The object of the first is to demand instant payment of the ninety pounds for which seventy was advanced just one month before, together with several pounds, the expenses of levying a distress for the amount; and as the borrower cannot, almost as a matter of course, pay such a demand at once, or he never would have gone to such a source, the mission of the other man is to enter upon and take possession of all the stock and effects upon the premises. And if any doubt appeared to exist as to the whole of the money, the ninety pounds and expenses, being paid forthwith, then the thick-set individual had orders to carry off the stock, drive away the cattle, and dismantle the house of its furniture, to repay the ninety pounds and expenses.

In the case we are now faithfully depicting, the man remained in possession three days, and the financial part of this dirty business stands thus for one calendar month's use of seventy pounds:—

Paid as per bill of sale, . . .	£90	0	0
Fees, &c., for levy, . . .	6	13	6
Fee paid by the borrower to some individual, whom the harpy's re- presentative informed him was a commissioner of some sort, for seeing the document signed,	1	1	0
	<hr/>		
	£97	14	6
Cash borrowed, . . .	70	0	0
	<hr/>		

For the loan of £70 one month !!! £27 14 6

So far as the borrower is concerned, the rate of interest paid by him is about four hundred and seventy-four per cent.; and assuming the harpy to have paid a pound out of pocket for the stamp on the document and for registration, he then gets three hundred and twenty-five per cent.!!! exclusive of his share of the plunder of the costs of distress and the guinea paid to the so-called commissioner, who probably was only a bailiff or official hanger-on of some kind.

Here are roguery, chicane, and extortion in their most aggravated and malignant phases. The bill of sale is a mere lithographed form, with the blanks filled in, the expense of which, the lender told the borrower, amounted to nearly twenty pounds, when, beyond doubt, twenty shillings covered the cost of stamp, registration, and every penny paid out of pocket.

When money due on a security of any kind is paid, whether it be upon bond, note of hand, mortgage, covenant, or any other document, it is usual and proper to hand over the security to the person who gave it; but loan societies, or certainly the one to which we have adverted, ignore even this, and stipulate in the instrument that the signature of the borrowers shall only be cancelled, but the document itself shall be the property of the lender.

Such an unusual condition can only be accounted for on the supposition that even harpies, hardened as they are to every grade of extortion, are ashamed for the documents to get into the hands of the persons who have paid such a monstrous price for them, lest they should be exposed to the public view or published in the papers.

We had hardly finished this part of our treatise when the rascality of the people we have been describing received a little ventilation through the columns of the "Echo;" and, in confirmation of our own experience, we shall give the following letters as they appeared in that paper:—

"BEWARE OF MONEY-LENDERS.

"SIR,—Great thanks are due to 'Victim' for sending his letters and showing up one of these money-lenders. In January last I borrowed £7, 12s. of a man who advertises in a morning paper, and whose advertisement I saw to-day amongst twenty-eight others. This 'gentleman' says his is a private

house, and situate a few doors from the Vestry Hall. I applied for £8. A clerk called at my house—about a mile and a half from his—took stock of my furniture, and I was informed I might have the loan. I had to sign a bill of sale on my furniture for £12, and to pay £2, 10s. a month. Providing no proceeding had to be taken to get these monthly subscriptions, a rebate of £2 was to be allowed. In February I paid £2, 10s., April £5, May £1, 10s., June £1, and £1, 6s. for broker's expenses in consequence of my inability to meet the March subscription, which said broker I found acting as this 'gentleman's' clerk. In addition to the above payments, 8s. was deducted at the onset for expenses, as they call it. For my £7, 12s. I paid £11, 14s. This charming firm has a clerk who advertises from Chelsea as another 'private gentleman,' part of the firm of the gentleman near the Vestry. I would advise all readers of these advertisements, if they intend to borrow, to think again, take my advice, and say, Not to-day."

"BILLS OF SALE, MONEY-LENDERS, AND THEIR
VICTIMS.

"SIR,—I am glad you have mooted this subject, because it is a most serious one, and one that seems to have escaped the notice of our able lawyers and statesmen. I am sorry to say that the public and legal authorities are in the dark to the disgraceful malpractices of these money-lenders and loan com-

panies, and, with your kind permission, I will endeavour, as briefly as possible, to lay before you the commencement and end of a bill of sale. Mr. Brown, owing to various causes and family expenses, is perhaps behindhand in his rent; the landlord presses and threatens to distrain, and poor Brown, of course naturally anxious to save his home—generally obtained by years of industry and hard work, and one which he could never replace—being broken up, and tempted by the glaring advertisements, ‘Money lent on personal security,’ which appear in almost every paper, is induced to apply to one of the said loan companies. The first thing is—Brown goes to the office, is introduced to the manager; he is asked to fill up a form, and then for the first time learns that he must give a bill of sale on the whole of the furniture, and, in addition, find one householder as surety. Brown having once opened the negotiation, and fancying the glittering gold is almost in his pocket, is induced by the flowery language he generally receives from the manager (before the loan is advanced) to send in an inventory of his furniture. A man from the loan office is thereupon sent to estimate its value, and, although it may have cost £400 or £500, upon which poor Brown has only asked an advance of £100, he is coolly told that he can have £50, repayable by monthly instalments of £4 or £5. Brown having obtained the advance ‘on the so-called personal security,’ probably keeps up the instalments for some months, until, perhaps, he has paid three-

fourths of the amount, besides sundry fines; but, owing to various circumstances, he unfortunately misses one month. The next day after the instalment is due he receives a printed form of letter demanding payment, and before poor Brown can even get time to go and pay the amount, he is informed that vans are at his house-door, and before he can think what course to pursue, every stick is cleared off, and in a few short hours he finds himself and family without a bed and without a home—to him a happy home; and although he has paid £40 out of £50, the goods are sent to an auctioneer, sold by auction, and the entire produce goes into the pocket of the money-lender. This, sir, believe me, is not fiction, but the stern reality, frequently occurring, and known only to the poor sufferers themselves.

“My object in writing is this: At the time the bill of sale is given, a promissory note for the amount is given and signed by the borrower and the surety, which note is payable on demand. Now, if a person gives a promissory-note or a bill of exchange, and it is dishonoured, he is invariably sued for the amount under the Bills of Exchange Act, and he sometimes makes a payment on account, and then the balance can only be recovered. Where is the difference?

“I respectfully submit that the same law should apply to bills of sale as now applies to bills of exchange; and that before the kind-hearted money-lender should be at liberty to act under his bill of

sale—and in many cases ruin a man—they should be compelled to sue first on the promissory-note, and only recover what may be actually due. How many hundreds (not to say thousands) who read this will say, ‘ Ah! I only wish it was so, and then I should now have my comfortable home!’

“As it is only usually through the powerful press that the public (more particularly the poorer class) get redress, I shall be obliged if you will kindly find room for this in your columns in an early impression, and it may be the means of some honest, good-hearted member of Parliament, having leisure at the present season, looking into the matter, and, by the introduction of a short bill in the coming session, thus wipe out the disgraceful stain at present existing on bills of sale.— I am, sir, your obedient servant.”

CHAPTER XIII.

MONETARY COMPANIES, AND THE SECURITIES THEY TAKE
IN THE FORM OF NOTES OF HAND, WITH THE PAINS
AND PENALTIES INCIDENT THERETO WHEN DE-
FAULT IS MADE IN PAYMENT—ALSO AN OUTLINE
OF A STATUTORY ENACTMENT WHICH, IF CARRIED
OUT, WOULD GO FAR TOWARDS STOPPING THE
BUSINESS OF THE HARPIES.

THESE money-lending cormorants take various forms of securities for their loans. If the sum be considerable, a bill of sale is usually the document insisted upon, with occasionally a note of hand with the name of a second person thereto as additional or collateral security; but where the sum is small and amounts to about five pounds, then a joint and several promissory-note is usually taken, in the following form :—

“ RUINATION COTTAGE, INSANITAS,
31st Dec. 1877.

“ £8.

“ We jointly and severally promise to pay the manager for the time being of the ‘ Fleece Monetary Company, Limited,’ or his order, the sum of eight pounds for value received, by weekly instal-

ments of five shillings, the first of such payments to become due on the 7th day of January 1878, and a like sum on Monday in each succeeding week, until the whole amount shall be fully paid; and in case default be made in payment of either of such weekly instalments, then the whole sum remaining due and unpaid, together with all fines and expenses incurred, shall become immediately due and payable.

“ THOMAS DOWNHILL.

JOHN SOFTUN.

WM. SILLYMAN.

“ *Witness*, HORATIO SHARK.

“ Payable at No. 7 Degradation Street.”

In a transaction like this, the borrower receives about five pounds in cash and gives a bill for eight, which is supposed to cover interest and inquiry fees; but inasmuch as the victim begins recouping the capital in a week after he has been accommodated with the loan, we are not far wrong in saying that he pays at the rate of from sixty to a hundred per cent. per annum for the loan in the shape of interest and expenses, even should the payments be punctually made; but should a lapse be made in payment at the end of a month, let us say, then the result stands thus:—Three pounds for the interest of five pounds for one month costs the borrower about seven hundred per cent. !

Now, as a fact, nothing can be more free from

doubt than that the person who borrows money on such terms must either be very poor or idiotically foolish, and the harpies, knowing this, will not advance the money unless the idiot can get two others to join him in the promissory-note. The natural outcome of this business is that the borrower, after paying, perhaps, a few weekly instalments, is either unable or unwilling to pay the remainder, and immediately thereupon down swoop the harpies upon the other two men and demand payment of the entire amount then due, so that, in the events which happen, the principle acted upon is identical in its results with the bill of sale business we have described in the preceding chapter. But the promissory-note is almost more iniquitous and disastrous in its effects than the bill of sale, because in the latter case the borrower bears the whole brunt of the extortion, while in the former the joint sureties have been persuaded to sign, with the assurance that their signatures were required merely as a matter of form, and sometimes they are told that they sign as witnesses to prove that the borrower has had the money. These sureties for small sums are frequently little better off than the borrower, and misery and utter ruin have many times been brought into the homes of families through the husband having in an evil moment put his signature to one of those detestable instruments.

We apprehend those vile and cruel men will have retribution visit them in a terrible shape sooner or

later, either in this world or in the world to come, or perhaps in both, for the maledictions of many a husband and wife, and the groans of countless hungry children, have ascended to high Heaven as the fruit of the heinous, though at present legally unpunishable, offences of the extortioners; and let us even add, that the blood of more than one suicide will be on their heads, for we have heard of men who, in sheer despair at having their homes so ruthlessly broken up, have upon themselves laid violent hands.

It may, and doubtless would, be said that it is all very easy to croak and complain of an evil, but that is of little use without providing, or at least suggesting, a remedy for the social gangrene from which so many unfortunates are now suffering.

Is there, then, a remedy? We think we can with safety say there are remedies for almost every stage and phase of the money-lending curse, and some of these we shall enumerate.

Imprimis, we prescribe an universal remedy, which consists simply in setting your faces like flints against the whole crew of harpies, under whatever names or designations they may style themselves, having nothing whatever to do with them or any of their belongings. If you should be in temporary difficulties, sell some part of your stock, or even your furniture, at a considerable sacrifice, rather than borrow at one, two, or three hundred or upwards per cent. ; for that is really and irrefragably the rate you would have to pay; because a single default for only a day or less

makes the whole amount become payable. Those harpies have no bowels of compassion, and their only desire, and that which they calculate upon as the great source of their venal profit, is that default may be made as quickly as possible, so that they may have the whole of their money again to turn in their contemptible calling, and with which to extend the circle of their diabolical operations.

And with reference to the borrower who has neither money nor effects, but who wants to raise cash on the joint note of hand of himself and sureties, we would say to all who have any intention of being answerable for a needy person, If your desire to oblige him is strong, lend him the money rather than join in a note of hand, which means certain payment by yourself, with heavy charges in addition to the sum lent. If you feel you would not be warranted in making a direct loan to your needy friend, then ponder well and act upon the words of the wise man—

“ He that becometh surety for another shall smart.”

Smart most severely they sometimes do in mind, body, and estate, when they happen to be little better off than the borrower, and have to submit to the dreary spectacle of witnessing hitherto comfortable homes despoiled for indiscreet actions performed for the questionable advantage of others.

Were there no sureties it is clear that much of the business of the extortioners would cease, for

nothing is more certain than that they would not lend money to a man in difficulties on the faith of his sole ability to pay. The borrower himself is a mere cipher, and the sureties are the figures which give vitality to the computation.

The remedies we have prescribed are mere voluntary ones, to which recourse may or may not be had ; but in a disease of so vicious a nature we think compulsory remedies should be administered, and that their force should be derived from nothing short of statutory enactment. Doubtless it would be difficult at first to entirely eradicate the evil by that means, but a way to remedy defects afterwards discovered would be found in the passing of supplemental Acts until the whole system were stamped out.

Let us see how an imaginary Act dealing with some of the enormities would look and read, and if some of our legislators perceive in it any good points, perchance they may be disposed to convert the shadow into substance, for the benefit of those whose poverty lays them open to the snares of the money-sharpers who infest the country from one end to the other.

VICTORIA, &c.,

An Act to protect the pockets and persons of such of Her Majesty's subjects as may be in monetary difficulties against the extortion and rapacity of money-lenders.

Whereas it is desirable to protect that section of Her Majesty's subjects who may be in debt against

a race of monsters or harpies who style themselves money-lenders, finance societies, syndicates, friends of the needy, and by various other misnomers, whose object is to lend money on personal security at ruinous rates of interest.

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lord's spiritual and temporal, and Commons in this present Parliament assembled, and by the authority of the same as follows :—

I. That no individual, society, or body shall, under any circumstance or pretext, charge more than fifteen per centum per annum for the use of money lent to any person or persons on personal security, or upon any bill of sale, or other instrument in the nature or effect thereof, by whatever name the same shall be called.

II. That such interest shall be at the rate only of fifteen per centum per annum, for whatever period the same may be borrowed, whether for a whole year or only a fractional part. And where any bill, promissory-note, bill of sale, or other personal security shall be payable by instalments, with a condition annexed that in default of payment of any one instalment, the whole amount and interest shall be payable, interest not exceeding the rate aforesaid shall be recoverable only up to the time at which payment is made, anything contained in any instrument to the contrary notwithstanding.

III. That where more than one person shall be parties to any instrument, the principal and interest

shall be recoverable from such persons *pro rata*, according to the number of persons who have signed any instrument or security; and on payment by any person of his proportion of the principal and interest, no individual or company shall have any remedy at law or in equity against him for any default in payment by any other person or persons, party or parties, to any such instrument or security.

IV. That when any person shall have paid his proportion, his signature shall be cancelled, a receipt given him for the amount, and a note or memorandum written upon the security admitting that such proportion has been paid ; and when the whole money and interest secured by any instrument shall be paid, or so much thereof as by this statute may be legally taken, the security shall be given up to the person paying the last instalment or balance, undefaced and entire, except so far as the cancellation of previous signatures and the memorandum before referred to are compelled to be made in pursuance of this Act.

V. There shall be charged only to any borrowers—and for the purposes of this clause any number of persons to the same instrument shall be treated as one individual—such amounts for inquiry fees, law charges, and other expenses incidental to any loan, as are set forth in the schedule hereafter written.

VI. An examined copy of every security signed by the person or by the manager of any society lending money, or by some person duly authorised to sign documents on his or their behalf, shall be given free

of charge to all and every person or persons who may have rendered himself or herself in any way responsible thereunder or thereby.

VII. That this Act shall apply solely to persons and societies advancing money by way of loan, whether on the bare personal security of any person or persons, note of hand, or bill of exchange, or upon bill of sale or assignment, or transfer or other security of any goods, chattels, wares, or merchandise. But it is expressly provided that this Act shall in nowise interfere with pawnbrokers, or with the custom and practices of merchants, or with the rules and regulations of any Stock Exchange in the United Kingdom.

VIII. That if any person or society shall, with intent to evade this Act, pretend or assume to have sold to any debtor goods or things for which any bill, note, or other document by way of security is given, in order to obtain by any direct or indirect means more than fifteen per centum per annum interest, the whole security shall become null and void, and the money thereby secured be irrecoverable; and such lender or society shall forfeit to Her Majesty the sum of fifty per cent. on the amount of money represented to have been lent.

IX. That no bill or note shall be sued upon until the same shall have become in arrear, and seven days' written notice shall have been previously given to each of the parties, or left at their last known place or places of abode, of the intention to sue; and after

the expiration thereof the various parties thereto shall only be proceeded against for their proportion of the amount then owing, according to the number of persons who are parties to any security coming within the terms and intent of this Act.

X. That in the case of a bill of sale or other security which empowers the holder thereof to enter and take possession of any goods or property, no such removal or carrying away shall take place until, in the case of any debt and interest under twenty pounds, five clear days shall have elapsed after entry made upon the premises; and as regards any sum above twenty pounds, no removal or carrying away shall be effected until fourteen clear days after entry shall be made; but, as regards the rights of other parties, the holder of such security shall be presumed to have become entitled to enforce his security at the time entry is made. But it is hereby expressly declared that no bill of sale, or any document in the nature thereof, shall be made for a less sum than ten pounds.

XI. That the proceedings for recovering any debt due upon any security where the amount does not exceed fifty pounds shall be taken in the county court of the district wherein the borrower resided at the time the loan was granted; and the judge of any such court may grant such time for payment and by such instalments as he may think fit, with full power to order that interest shall cease from the time of hearing, or at such other period as he may in his

uncontrolled discretion think fit; and may also make such orders as to costs and expenses as to him shall seem lenient and equitable.

XII. That the judge of any county court, where the sum shall not exceed fifty pounds, or, for any amount above that sum, the judge of a superior court shall decide upon the merits or demerits of the case, whether the law for this purpose made and provided has been broken or infringed by the lenders; and if so found, he shall order the penalty in the eighth clause to be paid. And in order to prevent further litigation, the decision of such county court judge or judge of a superior court shall be final; and such penalty shall go to Her Majesty, and may be enforced in the same way as an order for payment of a debt or sum of money due would be enforced by the court in ordinary cases.

XIII. This Act may be briefly cited as "The Act for protecting foolish and needy debtors against the rapacity of money-lenders."

THE SCHEDULE REFERRED TO.

In the case of a loan on a note of hand, whether made by one or more parties, the charge for inquiry fees, stamp, and all other expenses, exclusive of interest, where the amount lent does not exceed five pounds, shall not be more than . . . £0 7 6

Above five, and not exceeding twenty

pounds, 0 10 0

For any sum above twenty pounds, . . . 1 1 0

For a bill of sale, including stamp, registration, and all other charges, where the money lent does not exceed one hundred pounds,	. £2 2 0
Exceeding one hundred pounds, ex- clusive of the stamp,	. 3 3 0

We have here briefly foreshadowed some of the provisions which an Act for the protection of the needy might contain, but we need scarcely say that our ideas on the subject are crude, and that under the skilful manipulation of a parliamentary conveyancing barrister such an Act would assume formidable dimensions, and would be so framed as to protect legitimate trading with bills, while at the same time it would have the effect of greatly reducing, and eventually annihilating, most of the swindles which exist under the name of loan societies and finance associations.

“Lo ! the fell monster, with the deadly sting,
Who passes mountains, breaks through fenced walls
And firm embattled spears, and with his filth
Taints all the world !” Thus one my guide addressed,
And beckoned him, that he should come to shore,
Near to that stony causeway’s utmost edge.

Forthwith that image vile of fraud appeared,
His head and upper part exposed on land,
But lined not on the shore his bestial train.
His face the semblance of a just man’s wore,
So kind and gracious was its outward cheer ;
The rest was serpent all : two shaggy claws
Reached to the armpits, and the back and breast

And either side were painted o'er with nodes
And orbits. Colours variegated more
Nor Turks nor Tartars e'er on cloth of state
With interchangeable embroidery wove,
Nor spread Arachne o'er her curious loom.

Noting the visages of some, who lay
Beneath the pelting of that dolorous fire,
One of them all I knew not ; but perceived
That pendant from his neck each bore a pouch,
With colours and with various emblems marked
On which it seemed as if their eye did feed.

And when amongst them, looking round I came,
A yellow purse I saw. . . . "

—DANTE.

PART II.

CHAPTER I.

HOW TO INVEST WITH SAFETY AT A MODERATE RATE
OF INTEREST, WITH A DESCRIPTION OF SUCH
SECURITIES AS ARE CONSIDERED SOUND, AND THE
PERCENTAGE THEY PRODUCE.

WERE the questions put to us, "What securities would you advise the rich to invest in?" "What the middle class?" and "What the industrial or working classes?" a concise reply, without entering into the merits of the many outlets for money, would be: For the first, a large proportion in the Government funds, India stock, land, mortgages, ground-rents, and railways. And if not satisfied with the interest these would produce, then place some in Colonial Government bonds; and any residuum about which you are indifferent as to whether you make high interest or lose the capital, spread this over various foreign states in the scrip or bonds which pass from one to another by the simple act of delivery. For the second, we should say, lend upon

mortgage, or purchase house property where the situation is good and tolerably sure at all times to command a tenant; and especially purchase premises for your own business or occupation, if likely to carry on the same trade or to continue in the same locality permanently. Place another portion of capital in Colonial Government securities; other parts in debenture stocks or preference shares of any of our great railways, or in gas or water companies, if it can be done to pay from four to five per cent.; and the balance in such other things as may reasonably be considered secure and paying a moderate rate of interest; but do not meddle with only partly paid-up shares in any company whatever. For the third class we would recommend Savings' Banks, shares in well-conducted building societies, the purchase of a house to live in, if likely to reside in the same neighbourhood for a long time, but not otherwise; mortgage securities at five per cent., or even the purchase of small tenements, if they can be bought low; for when purchased in blocks they sometimes produce a very high rate of interest. There is much trouble with them, no doubt, besides great loss in arrears of rent; but by appointing an agent who makes it his sole business to look after property of this description, the loss is reduced to a minimum.

By many it may be thought that what, as an investment, is profitable to one class must be equally so to another. This would be so if all other things

were parallel ; but they are not—indeed they differ widely. Take, in illustration, one of the industrial class deciding to place a small sum in the Government funds ; his first act must be to find out and attend at a stockbroker's or banker's, and give the order to purchase ; the next step would be to pay for purchasing ; and in a short time after he may need a portion, when, unless he reside in London, he must order and pay for a power of attorney to sell ; and in the meantime the funds may have dropped a little, so that altogether such a man would experience more plague than profit. But the condition is different with the wealthy, because through family settlements and from numerous other causes they rarely change their investments, wherefore money once invested usually remains in the same state for a series of years, and by continuing in the original stocks intermediate fluctuations affect not the capital value.

Another reason why to the rich we would say “buy land,” and to the industrial classes “refrain from doing so except under very favourable circumstances,” is, that such can rarely be purchased to pay more than three or four per cent. ; and when the industrial classes buy at that figure, and pay five per cent. for the use of money to enable them to complete the bargain, the investment cannot be a prudent one. But a purchase by a rich man, whose money is in the Government funds, leaves him in the same state as regards income, but personally more important, because there attaches to him that

tangible insignia of wealth which the possession of land confers upon the possessor.

Also the difference in the same investment, as between rich and poor, is affected by the unwillingness and objection the former has to be troubled and annoyed with the many petty unpleasantnesses incident to enforcing payment of interest on small mortgages, and distraining for the rents of little properties; while to the investor whose resources are slender, this is a matter of less import so long as his money is well secured—his great concern being how to make the most of his savings, regardless of the inconvenience incident to obtaining payment for the use thereof.

Having made these preliminary remarks, we shall now proceed to examine various interest and dividend paying schemes and undertakings, and make such comments upon them as we deem profitable to our readers, but leaving them, in whatever position they may be, to judge for themselves the desirability of becoming purchasers or investors.

THE ENGLISH FUNDS,

by which we specially mean Consols and New Three per Cents., may be considered *par excellence*, although the interest may not be sufficiently high to satisfy some; still they possess great advantages, amongst which may be enumerated the ready manner in which they may be realised and the undoubted stability of the security. The nominal price of these may be

considered 95, at which rate they pay about £3, 3s. per cent. per annum. True, at the present time, Consols are somewhat higher, but virtually they are at the price quoted, because the payment of a half-year's dividend is not far distant.

There are various other Government securities which an investor will find in the Stock Lists, the rate of interest upon which he can calculate for himself; but this he may assume, that from 3 to 3½ per cent. is the most he can obtain, because of the high esteem in which the British funds are held, and the consequent demand for them as a means of investment.

TERMINABLE ANNUITIES

should be dealt in with care, and with peculiar regard to the position of the buyer, for although it may be discreet of one person to possess a terminable security which for the time being will pay a high rate of interest, there will be others with whom such a mode of placing their money would be egregious folly; but of the propriety or otherwise of such an act the person himself ought at all times to be the best judge.

GOVERNMENT ANNUITIES

on a person's own life, or on joint lives, may also be purchased; but unless an individual has attained considerably more than fifty years, we do not consider this a desirable way of investing money, be-

cause at fifty the rate per cent. would be little over six, and we do not consider it wise to sink capital for so trifling an additional percentage over and above what an ordinarily prudent investment should produce. When the age of from sixty to seventy is reached, then, if the person is cramped in the ordinary comforts of life, and has no one in particular to whom he desires his money to revert, the purchase of an annuity may be deemed legitimate, and selfishness cannot be imputed to him who, in such a case, can only be comfortable by living to the end of his resources. The value of Government annuities is calculated by the tables annexed to the Act 10 Geo. IV. cap. 24, and vary according to the price of the three per cent. Consols. But small annuities are granted through the Post-Office Savings' Banks, the tables for which do not fluctuate. When it is desired to purchase otherwise than through the Postal Department, a letter stating the age, if for one life, or the ages, if for more than one, may be written to "The Secretary, National Debt Office, Old Jewry, London," who will supply the requisite answer on a printed form.

INDIAN GOVERNMENT SECURITIES

pay somewhat more than the English funds, because secured by the Government of that country alone, but not collaterally guaranteed by this kingdom. They are, however, almost as a matter of course, considered amongst the investments about the

stability of which there is little misgiving. Amongst the Indian securities certain of the great railways occupy a foremost place, a minimum interest thereon at five per cent. being guaranteed by the Secretary of State for India, with additional interest if the profits will permit. Purchasers should only reckon on the five per cent., as they rarely pay more, although they have, we believe, slightly exceeded that in one or two instances.

The prices are at present from 116 to 118, except the stocks of one or two which are higher, in expectation of the profits being enough to permit the guarantee to be exceeded. At the quoted prices investors get a little under $4\frac{1}{4}$ per cent.

**MUNICIPAL AND METROPOLITAN BOARD OF WORKS
BONDS.**

In point of security, bonds of these kinds, and of all towns and cities where the payment of principal and interest is charged upon the rates, may be treated as nearly equal to Government security. But, like all other safe investments, a low rate of interest is the sequence. While nearly every city or town can borrow at four per cent. or less, the Metropolitan Board can raise any amount at three and a half; and the bonds now stand at 102, so that they pay a purchaser about £3, 8s. 9d., or very little more than the funds.

WATER COMPANIES.

The elements of prosperity are particularly inherent to these undertakings, because they supply a necessity of human existence, and the commodity they supply cannot be superseded. The security being indisputably good and the revenue safe, stocks and shares can only be bought at a high price, and consequently the rate of interest must be correspondingly low. Thus, a six per cent. dividend makes the market value of the shares in some companies £150; whilst a five per cent. dividend brings others up to £115; and a four and a quarter per cent. dividend of another company will make its shares £104. The average interest which may be received on money laid out in the purchase of waterworks property may therefore be set down at four per cent.

GAS COMPANIES.

These have proved very profitable means of employing capital, especially to the original proprietors, most of the large companies paying about ten per cent. on the capital. Stock or shares may usually be purchased to pay five per cent. or rather under, which might be considered a good safe security, but for the knowledge that science makes giant strides in the fields of discovery, and that thereby some cheaper and other means of illumination may any day be perfected, which shall either supersede or cause competition with the present gas companies.

This seems the great drawback to the purchase of gas shares or stock as an investment.

RAILWAYS.

The millions spent in this country upon railways are enormous, and the securities they offer to the public are of various orders, such as debentures or debenture stocks, which take the precedence of all others; then come the several preference stocks, all of which rank below debenture stock, though some preference stocks rank before others. Thus A may be a preference stock, though not receiving any interest until B has been paid six per cent. Sometimes stocks analogous to these are designated "preferred" and "deferred," the latter receiving nothing until the former has been paid six per cent.; but in all these arrangements the debentures, debenture stock, and the various other stocks, take precedence of the ordinary share capital. Many of the companies offer good security and a fair rate of interest, as they may usually be bought to pay between four and four and a half per cent.; and the dividends payable by the great companies on their several debentures and preference stocks may be looked upon as almost certain. But as to dividends on the ordinary stocks, these are subject to fluctuations arising from the state of trade, the price of fuel and labour, compensation for accidents, damage to rolling-stock from the same cause, and numerous other contingencies. Wherefore we would say, if a steady

income be the great desire, in preference to the chances of higher or lower dividends, select debentures, debenture stocks, and first preference stock in some of the leading lines, such as Great Northern, Great Western, Lancashire and Yorkshire, London and North-Western, Midland, Metropolitan, South-Eastern, and a number of others, many of which will be found in the Stock Lists, and the rate of interest they pay at the prices quoted may readily be calculated.

MORTGAGE SECURITIES

may be included in the category of safe modes of employing capital, provided two main points be observed, namely, that the mortgagor has a good title to the property, and the security be amply sufficient to cover the advance made, leaving a margin besides for arrears of interest, and law and other charges and expenses in the event of the mortgagee having to realise under his power to sell. In a properly drawn deed, precaution is usually taken to prevent interest falling into arrear by making the mortgagor attorn tenant at a rent equivalent to the interest, when the premises are in his own occupation, whereby the mortgagee has the same rights of distress over the premises that he would possess were he the absolute owner. And where the borrower is not the occupier, the mortgagee may have the power to receive the rent to satisfy arrears of interest.

The value property should bear to the sum advanced depends largely upon the nature of the security. If it consist of small tenements or low-rented houses, then about five-eighths would be as much as should be lent consistently with safety. But if it be house property of a modern, substantial, and lettable character, then perhaps three-fourths of the worth. If freehold land, then three-fourths or seven-eighths may be secure.

Why so small a margin may be left for land lies in the advantage it possesses over houses in this way, that while buildings deteriorate with time and the occasional shifting or migration of trade or fashion from one part of a city or town to another, land, on the contrary, suffers no such deterioration, but has a tendency to improve in worth.

The rate of interest obtainable also depends upon the sums lent, whether they be large or small. Without going far astray, we may say that anything under a thousand pounds usually commands five per cent. ; but above that up to several thousands, there is little trouble in borrowing at four and a half, while very large sums may be procured from four and a half down to four.

JOINT-STOCK BANKS.

The business transacted by these establishments is really wonderful and the profits very large. In London alone they are estimated to disburse upwards of six millions in dividends, out of which the Bank

of England alone contributes nearly a million and a quarter. This is exclusive of the vast number existing all over the country, the dividends paid by them being scarcely possible to estimate even approximately. Investments in these can usually be made to pay about five per cent.; and when banks have been established many years they may be treated as amongst the safe commercial outlets for capital, especially where the reserve fund is large to fall back upon in the event of heavy losses.

TRAMWAYS.

When the elements of promoterships, secretaryships, and directorships are kept within the limits of integrity, an effectual check imposed upon the various officers throughout their several grades, and the tram lines run through thickly-populated and respectable localities, they may be classed amongst the safe and profitable things of time. And when steam power supersedes horses, larger dividends may be anticipated, and the income must be less fluctuating, because the wide range in the price of forage will have no effect upon the working expenses. These stocks and shares are generally purchased to pay about five per cent.

LAND

is usually purchased to pay from $2\frac{1}{4}$ to 4 per cent., according to situation, competition, prospective advantages, and other causes.

GROUND RENTS

form a remarkably safe investment, and may usually be bought to pay from four to four and a half per cent.

HOUSE PROPERTY,

when substantially built, and in a good position, should produce not less than five per cent. Where the situation is bad, and the buildings old, seven per cent. is not too much to expect. And when they are in a low neighbourhood, out of repair, and viciously tenanted, they are hardly worth anything to the respectable part of the community; but to owners who have hearts of stone, and experience no qualms in receiving money from the hands of the degraded and the famishing, and occasionally turning whole families into the street "bag and baggage," they offer inducements in the way of great rating.

BUILDING SOCIETIES.

For the industrial classes these associations are peculiarly adapted, because the vital principle of their operation is to foster habits of frugality. By the payment of small sums weekly or monthly a thrifty man soon becomes the possessor of an amount sufficient to serve as the nucleus for acquiring a house of his own, borrowing meanwhile from the society the balance on mortgage, payable by instalments varying in amount, according to whatever form of table the society may adopt.

The accretion of many small sums, paid by numerous members who may take shares without any desire or intention to become purchasers of property, forms the source whence the capital emanates to purchase property for those who have the very laudable ambition to live in their own houses. Borrowers are usually charged five per cent., in addition to which there are sundry small fees; fines are also imposed for certain defined breaches of the rules and regulations of the society.

By the revenue derived from these means a well-managed society ought always to be able to pay its members five per cent., and sometimes a small bonus in addition; so that for the industrial classes these institutions may be considered amongst the most secure and profitable channels through which they may add to their comfort, and increase their self-respect, by becoming proprietors of a portion of the soil of the great and happy country in which they live.

Two indispensable requisites are, however, inevitable to the full prosperity of a building society, the first whereof is economical and honest management; the second consists in ample value for the money lent, with a margin sufficiently wide to defray arrears of interest, costs of sale by auction, and legal charges, in the event of the borrower failing to keep up his payments.

We cannot terminate this section without proffering a word of warning to borrowers. Let us then

entreat them not to purchase property until they see their way clear to keep up the stipulated payments, or they may find themselves in a dilemma not uncommon to mortgagors, namely, that through increased family expenses or unforeseen causes they find it impossible to keep up their payments, the sequence whereof is a sale by auction, and the contributions made are absorbed in advertisements, auctioneer's fees, and law expenses, and that which had been reckoned upon as a boon becomes a heavy disappointment.

POST-OFFICE SAVINGS' BANKS.

The few recommendations these possess are the facilities given for depositing and withdrawing money and their unequivocal safety; but the interest allowance is so absurdly low, that one almost wonders at the extent of business done. To us it has always seemed unfair towards the persons they were intended to benefit that Government did not at the onset fix the rate at £2, 15s. or £3 per cent., instead of £2, 10s.

THE OLD SAVINGS' BANK.

The interest allowed by these is usually £3, 0s. 10d., not £3, 10s., as many persons ignorantly suppose. Government allows these banks £3, 5s. for their deposits, and the difference between this and the rate paid depositors is the source whence the expenses of management proceed. Most of

these banks may be relied upon as secure, but, by reason of their being controlled by a board of honorary trustees or managers, the proceedings are somewhat circumlocutory, and barely come up to our ideas of celerity.

COLONIAL GOVERNMENT SECURITIES

are treated as somewhat favourite investments for money, and include the bonds of such governments as British Columbia, Canada, Cape of Good Hope, Ceylon, Mauritius, Natal, New Brunswick, New South Wales, New Zealand, Nova Scotia, Queensland, South Australia, Tasmania, and Victoria.

When the loans of such colonies are first issued they may usually be bought to pay six per cent. Most of these are issued in bonds with coupons attached, the payment whereof may be obtained half-yearly by presentation through a banker. These bonds have the advantage of passing from hand to hand without any formal deed of transfer, just as a bank-note or a sovereign would. Doubtless this is a great advantage, as tending to facilitate dealings; but, on the other hand, care must be exercised in depositing them in a secure stronghold, otherwise they are liable to be stolen, and the money paid for their purchase entirely lost. The majority of colonial securities bear interest at six per cent., and are redeemable at par at the end of a fixed number of years; some at twenty, others at thirty, forty, or fifty years after the date of issue. These colonial

bonds as a rule soon rise above par, and at the present time Canadas are at from two to five, while South Australians, redeemable in 1900, stand at 15 to 20, and those payable in 1918 are at 16 to 21 above par, so that the latter securities would pay rather less than five per cent., because the price paid above par has to be recouped by the end of forty-one years.

Colonial governments, &c., obligations are usually classed as little below those of our own country in point of ability to pay; but the greatest danger attaching to them would seem to lie in the uncertainty whether, in the event of their detaching themselves from British rule, commercial responsibilities would be ignored.

Various reasons may be adduced why colonial governments can afford to give a higher rate of interest than our own, amongst which may be mentioned the fact that discount is much higher by reason of the scarcity of money than in old countries where capital is abundant; large sums are also raised for purposes of public utility, which tend to develop the resources of the country, and thus render almost certain the faithful liquidation of its liabilities. Dr. Adam Smith also says that the colonists of a civilised nation, which take possession either of a waste country or of one so thinly inhabited that the natives easily give place to new settlers, advance more rapidly to greatness and wealth than any other human society; because, as he says, the colonists carry out with them a

knowledge of agriculture and of other useful arts superior to what can grow up of its own accord in the course of many centuries among savage and barbarous nations. They carry out with them, too, the habit of subordination, some notion of the regular government which takes place in their own country, of the system of laws which support it, and of a regular administration of justice; and they naturally establish something of the same kind in the new settlement.

A summary of the foregoing safe investments shows the following results:—

Paying $2\frac{1}{2}$ per cent. :—Post-office savings' banks—
an investment for the industrial classes !

Paying $2\frac{1}{4}$ to 3 per cent. :—Land in improving
localities, or when required for special purposes.

Paying 3 to $3\frac{1}{2}$ per cent. :—English Government
funds, bonds of the Metropolitan Board of
Works, ground rents, and the old savings'
banks.

Paying $3\frac{1}{2}$ to 4 per cent. :—Municipal bonds,
railway debenture and preference stock, mort-
gages for large sums well secured, and ground
rents.

Paying 4 to $4\frac{1}{2}$ per cent. :—Indian Government
securities, municipal bonds, water companies,
railway debenture and preference stock, large
mortgages, and ground rents.

Paying $4\frac{1}{2}$ to 5 per cent. :—Gas companies, stocks or shares in joint-stock banks, tramway shares, mortgages for comparatively small sums, and house property.

Paying 5 per cent. and upwards :—Joint-stock banks, tramway shares, small mortgages, house property, building societies, colonial government securities, &c. &c.

Our object in this chapter has been to indicate what may be termed safe securities. There are numerous other investments, the merits of which our readers may study for themselves through the Stock Lists or any of the monetary publications ; but where safety is the grand object, we would say, consider attentively the foregoing, and believe that, as a general and almost universal rule, five per cent. or thereabouts is the utmost that can be obtained for money consistently with absolute stability. Should, however, exorbitant interest be the idol of your worship, buy Honduras bonds at two, which would nominally pay five hundred per cent., or Turkish fives at ten, the apparent interest of which would be fifty per cent., or any other notorious stocks which you may seek out and compute for yourselves.

CHAPTER II.

AS TO THE PURCHASE OF PROPERTY, AND THE PRICE WHICH SHOULD BE PAID UNDER ORDINARY AND EXTRAORDINARY CONDITIONS, WITH SUGGESTIONS ON THE ACQUIREMENT OF PROPERTY GENERALLY, AND VARIOUS TABLES BY WHICH THE VALUE MAY BE CALCULATED AND THE RATE OF INTEREST DETERMINED.

To say what is the value of a mansion or an estate, according to the rules given and the principles acted upon by licensed valuers and appraisers, is simple in the extreme. Only let the rental of the mansion be given, the annual ground rent and other drawbacks be stated, and forthwith the data are supposed to be supplied for arriving at an accurate result. What may be called the intrinsic or market value, or the price a purchaser should give for an estate to pay him a certain rate of interest, is a question there is no difficulty in solving by the rules and tables we shall supply in this chapter; but before doing so, we would advance a few suggestions on the purchase of property generally.

As to becoming the owner of a freehold estate,

whether it be only a few acres of pasture or an extensive domain, peculiar reasons may obtain for desiring to acquire possession; and when this is so, tables and ordinary calculations are of small utility as a guide to what the purchase-money should be. A small field may be for sale lying in the very heart of land belonging to another proprietor, and having over it rights of way. When such an investment as this offers, it would be egregious simplicity to say, "I will purchase this if I get it at a fair price, say, to pay me four per cent. on the purchase-money." Sound discretion would dictate the possession of such a property at almost any price in order to extinguish the rights the vendor possessed, and to make more compact and complete the estate of the purchaser. Or it may be that a stream of water may run at the bottom of a piece of land which would be an inestimable advantage to the owner of adjacent land; or the frontage may afford the means of opening up other land behind or adjoining for building purposes or other valuable uses. In cases like these, to make a calculation what rate of interest one would get on his purchase-money would be quite beside the question; and the determination should be to buy at almost any price. For once allow an opportunity like this to pass and it rarely presents itself again, and to subsequently negotiate with the purchaser means enhancing the value fifty or a hundred per cent.

Whether it be desirable in these or other instances to admit the auctioneer or any other person into con-

fidence as to the amount you intend to bid, is a matter which an intending purchaser must determine. Sometimes we have known property purchased lower when intentions are known, because persons do not like to bid in opposition, whilst at other times we have known the price run up considerably when designs have been disclosed.

When a large estate comes into the market, it can rarely be bought to pay more than three or four per cent., because capitalists or speculators are generally at hand ready to purchase on these terms, either as a safe investment or for building or speculative purposes. Though it will sometimes answer the purpose of persons with limited incomes to buy house property to pay six, seven, or eight per cent., and borrow a portion of the money on mortgage at four or five, and thus increase their income, such an operation can rarely or never be performed in the purchase of land. For inasmuch as land is seldom sold to pay more than the rate stated, so money can rarely be borrowed at less than four and a-quarter or perhaps five per cent., in which case the purchaser has to pay for the privilege of being a landowner.

Sometimes the premises in which a tradesman conducts his business come into the market, and he naturally thinks he should like to become the owner, provided he could acquire them at a reasonable price. What that price should be is the question which presents itself, to solve which he has recourse to tables, which indicate that to pay so

much per cent. the value of the premises is so much. The tables in an instance of this kind are certainly faithful monitors, provided proper allowance be made for the usual outgoings incident to the property ; but their advice is so inelastic that it is desirable to almost wholly discard it, and look at the matter of value from other and different standpoints.

“The purchase-money is not needed by me for the purposes of my business,” says the successful man of business. “My success has been achieved and competency acquired on these premises ; there is still a fine business here, and as I am but a yearly tenant at rack-rent, I will buy them at any price, and this will afford me the opportunity of extending and enlarging the premises, as I should have done years since had they been my own ;” and accordingly he buys the property in defiance of the tables.

Another time an extensive property may be for sale which has been occupied from time immemorial for the same purposes and by the same firm, and an intending purchaser reasons thus : “I have known these premises for thirty years and upwards, and have never once known them vacant. I will buy them as an investment if I can obtain them at a reasonable price.” He consults the tables, and finds that to pay him seven per cent. they are worth a certain sum ; that amount he decides to give ; he attends the sale, and the premises are knocked down to him. After receiving the first quarter’s rent, he discovers

that the tenant has taken more eligible premises in a commanding situation, and gives notice to quit at the end of the year.

These premises, which were so suitable in years gone by to the business carried on in them, and which might have done for years to come had the tenants been satisfied to move on in the old groove, are found, when dismantled, to want remodelling from top to bottom before there is a chance of obtaining a new tenant, and then perhaps a reduction must be made of one-third from the former rental. This is one of the many ways in which purchases are made by the use of tables. rather than appreciating the probable result of a change of tenancy, and without duly considering whether the changes which have taken place in the locality are such as to warrant the belief that when a change of tenancy takes place a considerable diminution in rent must ensue, and a consequent reduction from the seven per cent., as calculated upon, down to between four and five at one step, or rather at one jump.

In the choice of property for investment, we would say to persons of limited means, who have occupied a private residence for years, and have no intention of changing, if you can at any time purchase to pay a good percentage—say, six or seven per cent.—do so. You will be your own tenant, which means no arrears of rent, no commission to agents, nor will your tenant call upon himself to execute any unnecessary repairs.

To all intending purchasers of house property when searching for investments we offer these remarks: let situation be with you of vital importance, and we are always inclined to give the preference to a cheerful street. Of those quiet, dull *cul de sacs* we have a perfect horror; but, fortunately for the owners of property in such positions, people are to be found who can even enjoy the dull monotony of a "no thoroughfare," with nothing to look at from day to day but the opposite houses, and scarcely any life to be seen but that of the feline species running after the cat's-meat man, and the only music that of the street-cries and discordant strains of the barrel-organ. For ourselves, however, if we must have quiet, let it be that of the country, and not the dead sepulchral stagnation of an unfrequented street in a town, relieved only by such sights and sounds as are peculiarly indigenous to such localities.

Never fail to observe whether a nuisance exists close to the property you contemplate becoming the proprietor of, and which there is no chance of ever having removed from the length of time it has existed. Such nuisances, or noisome trades or businesses, for example, as a tanyard, a saw-mill, a flour-mill, or any similar trade or manufactory which may be worked at night to the detriment or destruction of the sleep of the inmates.

Some persons are light sleepers, and consequently have a strong aversion to the noise of a railway whistle

in the night. To such we would say, look about to see that no railway is near, nor likely to be, if the investment you are in quest of be for private occupation; but should the premises be used for trade purposes, and a railway station be intended to be erected in the immediate neighbourhood, a material increase in the annual value may be calculated upon as the natural and almost certain result.

Within the limits which can be spared in a work like the present, it is impossible to indicate every investigation a cautious purchaser should make, but we would offer the following general suggestions before detailing the mode in which to arrive at the value :—

1. If the property be leasehold, satisfy yourself of the number of years unexpired, and the precise amount of ground-rent or other charges payable by the owner, and understand clearly the nature of the covenants, so that you may not afterwards be disappointed by discovering that the premises cannot be used for the purpose you intended by reason of a restrictive condition in the original or any subsequent deed.

2. Be assured that the covenants in the lease have been duly performed, so that the lease has not become forfeited. The receipt for the last payment of ground-rent is generally looked upon as conclusive evidence of due performance up to the date of the receipt; but should there be a restriction against carrying on the trade of a butcher, baker, tallow-chandler, or any similar trade, and either of those or

any other prohibited business be used upon the premises, have satisfactory evidence of the power the person has to consent to such user, even though he be the ground-landlord.

3. Whether the premises be leasehold or freehold, and you have any intention to utilise a backyard or open space by building thereon, be clear that you would have power to do so before becoming the purchaser; for although there may be nothing on the face of the title-deeds to show any restrictions, still such may have been created by Act of Parliament, which may declare that between buildings a certain open space shall always be kept, varying in its area according to the height of adjacent buildings; or ancient lights may exist in an adjoining house, within so many feet of which you must not build without the consent of the owner.

4. Endeavour to assure yourself that the rent paid is not a fictitious one, imposed with a view to enhance the saleable value of the property. That is, use every effort, if you have any doubt about the *bona fide* rent, to discover whether the amount stated is such as may be fairly calculated upon for at least some years to come.

5. If the property be let on lease, read over the document to see what are the covenants, and the power the owner has to enforce payment of the rent when in arrear, or to determine the holding in case of non-payment of rent, or breach or non-performance of covenants.

These and many other precautions will suggest themselves to a cautious mind before coming to a conclusion; but we would here emphatically advise, that if you earnestly desire to purchase, do not attend the sale with too low an estimate in your mind. Let the figure be liberal rather than otherwise; for if you allow the opportunity to escape, it may not return again without your having to pay for the privilege; but when once you have determined the limit to which you will go, let not the excitement of the auction-room carry you beyond.

We shall now proceed to detail the steps by which ordinary values may be computed, and first we will describe how many years' purchase must be given for a perpetuity or freehold to pay a purchaser certain rates of interest.

TABLE I.

To pay 1 per cent. is worth 100 years' purchase.

"	$1\frac{1}{4}$	"	"	80	"
"	$1\frac{1}{2}$	"	"	$66\frac{2}{3}$	"
"	$1\frac{3}{4}$	"	"	$57\frac{1}{4}$	"
"	2	"	"	50	"
"	$2\frac{1}{4}$	"	"	$44\frac{1}{4}$	"
"	$2\frac{1}{2}$	"	"	40	"
"	$2\frac{3}{4}$	"	"	$36\frac{1}{4}$	"
"	3	"	"	$33\frac{1}{3}$	"
"	$3\frac{1}{4}$	"	"	$30\frac{10}{13}$	"
"	$3\frac{1}{2}$	"	"	28 $\frac{1}{2}$	"
"	$3\frac{3}{4}$	"	"	$26\frac{2}{3}$	"
"	4	"	"	25	"
"	$4\frac{1}{4}$	"	"	$23\frac{9}{17}$	"
"	$4\frac{1}{2}$	"	"	$22\frac{2}{3}$	"
"	$4\frac{3}{4}$	"	"	$21\frac{1}{19}$	"

To pay 5 per cent. is worth 20 years' purchase.

"	5 $\frac{1}{2}$	"	"	19 $\frac{1}{2}$	"
"	5 $\frac{3}{4}$	"	"	18 $\frac{1}{4}$	"
"	5 $\frac{3}{4}$	"	"	17 $\frac{3}{8}$	"
"	6	"	"	16 $\frac{1}{2}$	"
"	6 $\frac{1}{4}$	"	"	16	"
"	6 $\frac{1}{2}$	"	"	15 $\frac{1}{2}$	"
"	6 $\frac{3}{4}$	"	"	14 $\frac{3}{4}$	"
"	7	"	"	14 $\frac{1}{2}$	"
"	7 $\frac{1}{4}$	"	"	13 $\frac{3}{4}$	"
"	7 $\frac{1}{2}$	"	"	13 $\frac{1}{2}$	"
"	7 $\frac{3}{4}$	"	"	12 $\frac{3}{4}$	"
"	8	"	"	12 $\frac{1}{2}$	"

The foregoing table shows how many years' purchase must be paid on a net rental to produce a certain percentage. The question may not, however, always present itself in this form; it may oftentimes arise thus: If I give £3500 for an estate which brings in £140 a year, what rate of interest do I get for my capital?" This will clearly pay four per cent., because four times thirty-five (or, to state it fully, four per cent. on thirty-five one hundreds) will produce one hundred and forty pounds.

Mathematicians sometimes use what they designate a *lemma*, or subordinate truth previously established, to aid in demonstrating a theorem or in solving a problem; so in computations the same operation may be resorted to, and this will supply an example; that because you know if you pay £3500 for the estate, and it brings in £140 a year, it pays just four per cent. interest, because four times 35 (hundreds)

produce £140; so by a converse operation you may arrive at the percentage a property produces, if you give a certain purchase-money, by simply adding two noughts or ciphers to the rental, and dividing by the purchase-money you are prepared to give.

Thus the rental, after making			
every deduction, is	.	.	50
Add two noughts	.	.	00
			<hr/>

I am prepared to pay for it 1000) 5000 (5 per cent.

Another example will suffice. Suppose you wish to purchase some property in an inferior and deteriorating locality, the net rent of which you believe to be £69 per annum, and you make up your mind to give £775 for it, and wish to know the percentage; proceed on the simple plan before mentioned by adding two ciphers to the rental of £69, and dividing by the capital of £775, and the result will be shown in a percentage of £8, 18s. 1d.

The values of stocks and other securities may be worked out upon precisely the same principle; and to Stock-Exchange men, merchants, and accountants it may seem almost supererogatory to point out the *modus operandi*. Let us, however, say, that though questions such as these are frequently arising, the number of business men—of course, we mean in proportion to the bulk—are incredibly few who have at their finger-ends, so to speak, the process by which such simple results may be achieved.

The mode of ascertaining the net rental we should recommend is this—

Rental of house	£100	0	0	
Deduct repairs at 10 per cent.	£10	0	0	
Insurance for £1000 at 1s. 6d. per cent.	0	15	0	
Annual ground - rent (whatever it may be), say	5	5	0	
	<hr/>			
		£16	0	0
		<hr/>		
Net		£84	0	0
		<hr/>		

Assuming this to be freehold, an intending purchaser would perhaps say, "I will buy that house if I can do so to pay me $6\frac{1}{4}$ per cent.; but how many years' purchase will that be worth?" By referring to Table No. I. it will be seen that the value is sixteen years' purchase, and hence the purchase-money should be £1344.

An estate consisting entirely of land may be for sale, and a person having his money in the funds may say, "I will purchase if I can obtain it to pay me $3\frac{3}{4}$ per cent." His first step will be to ascertain the outgoings, such as the land-tax, and any special rates or liabilities discharged by the owner; and special inquiries should be made as to the tithe rent-charge; for although this is considered a tenant's

payment, it is sometimes discharged, under special agreement, by the landlord.

In making a calculation for this purpose, the only requisite for arriving at the value, after being perfectly satisfied of the rent and the deductions, is to refer again to Table I., by which it will be seen that to make $3\frac{1}{4}$ per cent. interest on the purchase-money, twenty-six years and three-quarters' purchase of the net rental must be given.

These two specimens will afford data for arriving at the value of freeholds, but as in many parts of the country much property is demised or leased for a term of 999 years, some for 99, others for any other number of years, and as property of this description is continually being offered for sale at various stages of its existence, we subjoin a Table, No. II., to denote how many years' purchase should be paid on the net rental to pay the investor any rate of interest from four up to ten, and recoup his capital; but we would previously remark, *en passant*, that this and all analogous tables are calculated on the assumption that a purchaser reinvests his money, or rather his rent, directly received, and gets the same rate of interest he selects as the basis of his purchase. It is rarely, however, that an investor can put out his accumulations, especially rents received quarterly, immediately upon receipt, and hence the tables, though strictly correct as *tables*, are unfavourable to a purchaser. Besides which, on the expiration of a lease, certain substantial repairs may be reckoned

upon, and certainly should not be lost sight of in the use of these tables.

What the precise deduction should be, it is impossible to say, as it must necessarily fluctuate under almost every combination of unexpired time and condition of repair; for if a person were asked to invest in a house having two years to run, he would inquire as to the state of repair, and if he found the messuage dilapidated and a large expenditure requisite on substantial repairs, he would decline to have it as a gift; yet the table shows that such a property is worth one year and three-quarters' purchase to pay any rate of interest from five up to ten per cent. If, however, the unexpired term be anything above thirty years, the consideration of what will be the cost of repairs at the end of the lease would hardly be an ingredient in the computation; the principal point would be what to deduct for unproductive capital, to which we would suggest that an abatement of from five to ten per cent. of the intended or apparent purchase-money would be ample to cover this contingency.

TABLE No. II., showing the Number of Years' Purchase Property is worth to pay an Investor the rates of Interest mentioned in the Table.

Years unexpired.	To pay Four per cent.	Five per cent.	Six per cent.	Seven per cent.	Eight per cent.	Nine per cent.	Ten per cent.
1	1	1	1	1	1	1	1
2	2	1½	1½	1½	1½	1½	1½
3	2½	2	2	2	2	2	2
4	3	2½	2½	2½	2½	2½	2½
5	3½	3	3	3	3	3	3
6	4	3½	3½	3½	3½	3½	3½
7	4½	4	4	4	4	4	4
8	5	4½	4½	4½	4½	4½	4½
9	5½	5	5	5	5	5	5
10	6	5½	5½	5½	5½	5½	5½
11	6½	6	6	6	6	6	6
12	7	6½	6½	6½	6½	6½	6½
13	7½	7	7	7	7	7	7
14	8	7½	7½	7½	7½	7½	7½
15	8½	8	8	8	8	8	8
16	9	8½	8½	8½	8½	8½	8½
17	9½	9	9	9	9	9	9
18	10	9½	9½	9½	9½	9½	9½
19	10½	10	10	10	10	10	10
20	11	10½	10½	10½	10½	10½	10½
21	11½	11	11	11	11	11	11
22	12	11½	11½	11½	11½	11½	11½
23	12½	12	12	12	12	12	12
24	13	12½	12½	12½	12½	12½	12½
25	13½	13	13	13	13	13	13
26	14	13½	13½	13½	13½	13½	13½
27	14½	14	14	14	14	14	14
28	15	14½	14½	14½	14½	14½	14½
29	15½	15	15	15	15	15	15
30	16	15½	15½	15½	15½	15½	15½
31	16½	16	16	16	16	16	16
32	17	16½	16½	16½	16½	16½	16½
33	17½	17	17	17	17	17	17
34	18	17½	17½	17½	17½	17½	17½
35	18½	18	18	18	18	18	18
36	19	18½	18½	18½	18½	18½	18½
37	19½	19	19	19	19	19	19
38	20	19½	19½	19½	19½	19½	19½
39	20½	20	20	20	20	20	20
40	21	20½	20½	20½	20½	20½	20½
41	21½	21	21	21	21	21	21
42	22	21½	21½	21½	21½	21½	21½
43	22½	22	22	22	22	22	22
44	23	22½	22½	22½	22½	22½	22½
45	23½	23	23	23	23	23	23
46	24	23½	23½	23½	23½	23½	23½
47	24½	24	24	24	24	24	24
48	25	24½	24½	24½	24½	24½	24½
49	25½	25	25	25	25	25	25
50	26	25½	25½	25½	25½	25½	25½
51	26½	26	26	26	26	26	26
52	27	26½	26½	26½	26½	26½	26½
53	27½	27	27	27	27	27	27
54	28	27½	27½	27½	27½	27½	27½
55	28½	28	28	28	28	28	28
56	29	28½	28½	28½	28½	28½	28½
57	29½	29	29	29	29	29	29
58	30	29½	29½	29½	29½	29½	29½
59	30½	30	30	30	30	30	30
60	31	30½	30½	30½	30½	30½	30½
61	31½	31	31	31	31	31	31
62	32	31½	31½	31½	31½	31½	31½
63	32½	32	32	32	32	32	32
64	33	32½	32½	32½	32½	32½	32½
65	33½	33	33	33	33	33	33
66	34	33½	33½	33½	33½	33½	33½
67	34½	34	34	34	34	34	34
68	35	34½	34½	34½	34½	34½	34½
69	35½	35	35	35	35	35	35
70	36	35½	35½	35½	35½	35½	35½
71	36½	36	36	36	36	36	36
72	37	36½	36½	36½	36½	36½	36½
73	37½	37	37	37	37	37	37
74	38	37½	37½	37½	37½	37½	37½
75	38½	38	38	38	38	38	38
76	39	38½	38½	38½	38½	38½	38½
77	39½	39	39	39	39	39	39
78	40	39½	39½	39½	39½	39½	39½
79	40½	40	40	40	40	40	40
80	41	40½	40½	40½	40½	40½	40½
81	41½	41	41	41	41	41	41
82	42	41½	41½	41½	41½	41½	41½
83	42½	42	42	42	42	42	42
84	43	42½	42½	42½	42½	42½	42½
85	43½	43	43	43	43	43	43
86	44	43½	43½	43½	43½	43½	43½
87	44½	44	44	44	44	44	44
88	45	44½	44½	44½	44½	44½	44½
89	45½	45	45	45	45	45	45
90	46	45½	45½	45½	45½	45½	45½
91	46½	46	46	46	46	46	46
92	47	46½	46½	46½	46½	46½	46½
93	47½	47	47	47	47	47	47
94	48	47½	47½	47½	47½	47½	47½
95	48½	48	48	48	48	48	48
96	49	48½	48½	48½	48½	48½	48½
97	49½	49	49	49	49	49	49
98	50	49½	49½	49½	49½	49½	49½
99	50½	50	50	50	50	50	50
100	51	50½	50½	50½	50½	50½	50½
—	—	—	—	—	—	—	—

CHAPTER III.

DESCRIBES A METHOD WHEREBY THE VALUE OF A LIFE POLICY MAY AT ANY TIME BE FOUND BY THE FIRST TABLE OF THE SUCCESSION DUTY ACT, WHICH TABLE IS INSERTED.

SEVERAL Acts of Parliament have passed relating to assurance companies, but as they concern the institutions rather than individuals, we shall not set them out at length here. One of these Acts, however (35 & 36 Vict. cap. 41), gives a rule for valuing the policies of companies undergoing the process of "winding up," which rule is as follows:—

"The value of the policy is to be the difference between the present value of the reversion in the sum assured on the decease of the life, including any bonus or addition thereto made before the commencement of the winding up, and the present value of the future annual premiums.

"In calculating such present values the rate of interest is to be assumed as being four per centum per annum, and the rate of mortality as that of the tables known as the Seventeen Offices' Experience Tables. The premium to be calculated is to be such premium as, according to the said rate of interest and rate of mortality, is sufficient to provide for the risk incurred by the office in issuing the policy, exclusive of any addition thereto for office expenses and other charges."

This rule is very well so far as it goes, but is scarcely intelligible to any but professional actuaries or accountants. We, however, think we can lay down a simpler method by which the owner of a policy may at any time test its value; and we shall do so by means of the Government Succession Duty tables, than which we apprehend no formula can be open to less objection; and so satisfied are we of the indisputable correctness of the mode of arriving at the value of a life policy, that we are bold enough to say that the Government should accept the result, the same being based entirely on their own tables, for the purposes of probate and legacy duty, without the customary letter from the assurance office secretary, stating that the surrender value of the policy is so much. Indeed the value of a policy by the Succession Duty tables may be considered its fiscal worth, whilst the surrender price which an office will give is necessarily an under-estimate, because the object of an office is not to diminish revenue by buying up policies, but to add to it by keeping them on foot.

For our illustration the premium we shall quote is that set forth by the Government tables of 1865 for the assurance of lives. We shall suppose the assurance to be on a life aged twenty, and the sum assured £2500. We have no special cause for the age of twenty, but we have this particular object in assuming the sum assured to be £2500, that the interest on that sum at four per centum amounts to just £100, and the Succession Duty table we give hereafter is based, as to its calculations, on

that sum ; and thus by adopting the round number with which the Act deals, our principle of valuation will be the more readily understood.

The following is the first table to the Succession Duty Act, 16 & 17 Vict. c. 51, and gives the value of one hundred pounds per annum for a single life.

Years of Age.	Values.			Years of Age.	Values.			Years of Age.	Values.		
	£	s.	d.		£	s.	d.		£	s.	d.
Birth	1892	8	6	32	1619	0	6	64	852	9	0
1	1906	13	0	33	1605	4	0	65	821	12	6
2	1919	2	0	34	1590	9	6	66	790	15	0
3	1926	8	0	35	1574	17	6	67	761	19	0
4	1928	16	0	36	1558	9	6	68	733	8	6
5	1926	19	6	37	1541	10	6	69	705	4	0
6	1921	12	0	38	1524	0	0	70	677	9	0
7	1913	4	6	39	1506	1	6				
8	1902	16	6	40	1487	10	0	71	650	8	0
9	1890	19	6					72	623	19	6
10	1878	3	0	41	1468	4	0	73	597	7	6
				42	1447	11	6	74	569	13	0
11	1864	7	0	43	1426	2	0	75	541	0	6
12	1849	12	0	44	1403	10	0	76	511	9	6
13	1833	18	6	45	1379	14	6	77	477	17	0
14	1817	7	6	46	1354	16	6	78	444	9	6
15	1800	8	6	47	1328	2	6	79	412	9	6
16	1783	13	0	48	1300	9	6	80	381	3	0
17	1767	16	0	49	1271	19	6				
18	1753	5	6	50	1242	19	6	81	350	14	6
19	1740	11	0					82	321	14	6
20	1729	9	6	51	1213	17	0	83	292	10	0
				52	1185	14	0	84	263	2	0
21	1719	17	0	53	1157	17	6	85	234	18	6
22	1713	1	0	54	1130	13	0	86	207	16	0
23	1706	16	6	55	1103	18	0	87	184	11	6
24	1700	11	6	56	1077	10	0	88	164	17	6
25	1694	0	0	57	1051	10	0	89	148	7	0
26	1686	14	6	58	1025	10	0	90	133	9	0
27	1677	5	6	59	999	1	0				
28	1667	1	0	60	972	1	0	91	122	16	0
29	1656	1	0					92	107	7	0
30	1644	7	6	61	943	15	6	93	93	3	0
				62	914	2	0	94	79	8	6
31	1632	0	0	63	883	6	0	95	64	11	0

The mode of procedure to ascertain the surrender value of a policy for £2500 by the Government tables is as follows :—

Take first the sum of £2500 payable
at death £2500 0 0

Next assume that the person on whose
life the policy is held is now twenty-
five years of age, and the next point
will be to refer to the table and
see what the life interest is worth
of £100, or four per cent. interest
on the £2500, and this it will be
found is 1694 0 0

So that the reversionary interest if
no premium had to be paid for
keeping the policy on foot would
be £806 0 0

But the premium having to be paid
during the life of the person whose
age was twenty at the time the
insurance was effected, the value
of the annual premium must be
taken from the reversionary value.
By the Government assurance
tables before referred to, the annual
premium for an ordinary assurance
of £100 is £1, 16s. 2d., and con-
sequently that for £2500 is £45,
4s. 2d.; so that if £1694 be the

value of £100 per annum for the
 life aged twenty-five, nothing can
 be less free from doubt than that
 the value of the annual premium
 of £45, 4s. 2d. is . . . £765 14 0

Leaving the surrender value . £40 6 0

And hence it will be seen that the last-named sum is the indisputable surrender value of the policy ; and this principle does not change whether bonuses to which the assured may have become entitled be added to the policy, be applied in reduction of premium, or be taken in cash. We would, however, with a view to making this statement clear, explain the grounds for such an assertion. First, then, assume the amount assured to be £2500, and bonuses of £500 have been added, you will then take interest at four per cent. on £3000 instead of £2500, which will be £120 ; then see by the table what is the value of that annual sum at the then age of the life assured, and deduct it from the £3000, and the balance will be the value of the reversionary interest if no annual premium had to be paid ; but inasmuch as the policy must be kept on foot, the value of the premiums will be ascertained by the table, and deducted from the reversionary value, and the balance will show the worth of the policy.

If the bonuses be applied in reduction of premium, the surrender value would be affected thereby in

proportion to such reduction, and the age at which the surrender value of the policy is sought to be ascertained, and which may with certainty be arrived at by the general rule we have laid down, namely, by taking first the sum assured, then calculating interest on that at four per cent. ; next seeing what the life interest on that is worth as an annuity, which latter sum will be deducted from the sum assured, and next taking the value of the annual premiums therefrom, and the balance will denote the saleable value.

The owner of a policy, whether the same be on his own life or that of another person, may mortgage or absolutely dispose of the same to the office, the usual mode of performing which is to write a letter to the secretary of the company, and if a loan be the object, the assured will be informed the sum that will be advanced ; if an absolute sale be the desire, the office will say what they will give for the surrender. In either of these cases the office usually fills up the necessary papers.

When the sale is made to a private individual, a legal assignment thereof under seal must be made, and notice thereof given to the office, who are bound to acknowledge the receipt of the notice on payment of a fee of five shillings. The compulsory acknowledgment of the notice is enforced by statute, and as such Act is so brief in its provisions, and contains also the statutory form of transfer, we shall give the useful sections thereof in the next chapter.

Application of bonuses to a payment in cash will leave our original example untouched, because the sum assured, the life interest, and the value of the original annual payment, would all remain unchanged.

Various rough-and-ready rules have been given by certain writers as to how the value of a policy may be discovered without going into elaborate calculations, the most common among which is that the value of a policy is about one-third of all the premiums that have been paid. This, however, is so manifestly erroneous as hardly to bear a second thought, as the following statement will show, and may easily be tested by the rule we have expounded.

Take the age twenty, which we have based our example upon, and at different periods the surrender value as compared with the premiums paid will stand thus :—

	Surrender Value.	Premium Paid.
At twenty-five . . .	£40 6 0 .	£226 0 10
„ thirty . . .	112 7 4 .	452 1 8
„ forty . . .	340 3 0 .	904 3 4
„ fifty . . .	695 4 4 .	1356 5 0
„ sixty . . .	1088 11 10 .	1808 6 8
„ seventy . . .	1516 7 2 .	2260 8 4
„ eighty . . .	1966 11 9 .	2712 10 0

This statement will suffice to show that, for the simple reason that the surrender value of a policy bears every year a different ratio to the premiums paid, any attempt to ascertain the correct value without entering into calculations must prove fallacious.

CHAPTER IV.

HOW LIFE POLICIES MAY BE ASSIGNED UNDER THE ACT
30 AND 31 VICT. CAP. 144, WHETHER BY SURREN-
DER TO THE OFFICE OR BY SALE TO AN ORDINARY
PURCHASER, WITH THE STATUTORY FORM OF TRANS-
FER AND NOTICE TO THE OFFICE.

THE statute above quoted relates entirely to the assignment and transfer of life policies, and authorises the same to be done in the concise form set forth in the schedule, and enables assignees to sue thereon in their own names. The substance of such sections as it is deemed necessary to refer to will be found included in the following :—

“Sect. 1. Any person or company now being, or hereafter becoming by assignment or other derivative title, the holder of a policy of life assurance, and possessing at the time of action brought the right in equity to receive and the right in equity to give an effectual discharge to the assurance company liable under such policy for monies thereby assured or secured, shall be at liberty to sue at law in the name of such person or corporation to recover such monies.

“Sect. 2. Every policy issued after 30th September 1867 shall specify places where notices of assignment shall be given.

“Sect. 5. Any assignment may be made either by endorsement on the policy or by a separate instrument in the form in the schedule, and duty to be paid thereon (the usual assignment stamp).

“Sect. 6. Every assurance company to whom notice shall have been given of assignment of any policy shall, upon the request, in writing, of the person giving notice, and upon payment of a fee not exceeding five shillings, deliver an acknowledgment, under the hand of the manager of the company, of their receipt of such notice; and every such acknowledgment shall be conclusive evidence of the notice having been received.

“Sect. 8. This Act not to apply to the provisions of the 16 & 17 Vict. c. 45, the 27 & 28 Vict. c. 43, or to any engagement for payment on death by any friendly society.

THE SCHEDULE.

“I, A B of, &c., in consideration of, &c., do hereby assign unto C D of, &c., his executors, administrators, and assigns, the (within) policy of assurance, granted by, &c. (here describe the policy). In witness, &c.”

No special form of notice to the office is given in the Act, but this may be used as a precedent:—

“ To the directors of The, &c., Assurance Company,
and to their secretary, and all others whom it
may concern.

“ I hereby give you notice that by an instrument
in writing, bearing date this day, I have, for the con-
siderations therein mentioned, assigned unto C D of,
&c., all my interest in the policy of assurance on my
own life [or on the life of, &c.], No., &c., dated, &c.,
and issued by the above company. C. D.”

CHAPTER V.

THE QUESTION, "IS LIFE ASSURANCE AS AN INVESTMENT WORTH THE PREMIUMS PAID?" DISPASSIONATELY CONSIDERED AND IMPARTIALLY ANSWERED.

WE utterly disclaim writing this chapter to cast discredit upon or to discourage life assurance, but at the same time we state most distinctly that the advantages to be derived from this mode of making provision against the exigencies of death are not so overwhelming as offices would have us suppose. Nor can this be surprising when we take into account the truth that the offices themselves are deeply interested in presenting the subject to the public in its most fascinating aspect, because they are precisely in the position of merchants or shopkeepers who puff up their own wares. That this kind of provision against death is highly desirable, and nearly imperative under certain social conditions, we do not dispute ; but we utterly repudiate the notion that it is desirable or prudent in all cases for persons to debar themselves present comforts to secure a sum which, under the common class of insurances, they can never possibly enjoy.

The conditions under which it is desirable to insure, and the circumstances in which folly would be apparent in such an investment, we shall glance at further on; but here we would stray a little from our path to notice some of the incomparable blessings the offices announce must flow from life assurance.

We are told, amongst other things, that life assurance presents almost the only means of enabling persons of slender resources to make provision for their families; and that by the simple expedient of assurance it becomes possible at once to secure a provision against dissolution, whether the assured live five years or fifty, as from the very day on which the first premium is paid his family are at once provided for to the extent of the sum assured. And, indeed, in some prospectuses we have observed attempts made to scare people into the adoption of assurance by the relation of startling instances of sudden demise almost immediately after effecting an assurance; and we have known an office go so far as to relate instances of assurances becoming claims not only immediately after discharging the first premium, but before the assured had got fairly out of the premises, by death occurring on the doorsteps of the office while the person was in the act of making his exit. These statements are, to say the least, sensational, and should not, we think, find a place in the circular of any well-established substantial office.

While, however, these advantages are thrown out in such bold relief, the struggles and anxieties the

man of moderate means has to undergo, and the privations he has to endure, to keep on foot his policy, are kept entirely in the background. Many are the instances in which we have known persons, such as clerks and merchants' assistants, find it almost impracticable, with the increasing responsibilities of a young family, to keep up their premiums, and from sheer necessity have been compelled either to allow the policy to lapse or surrender it to the office for a merely nominal sum. And these, we are told, are the persons to whom life assurance is an inestimable boon—a way, indeed, of acquiring a valuable property without capital.

Numerous, too, are the small tradesmen we know who have availed themselves of those means, but whom circumstances have compelled to relinquish their right and title to the policy after paying the premiums for years. Every one, we apprehend, knows within the sphere of his own friends, or the circle of his business connections, tradesmen who feel it difficult "to keep the cart on the wheels," as the old saw runs, and with whom keeping up a policy is just the last straw which breaks the camel's back. We have now in our mind's eye just such an one, who has paid about £10 a year for the last twenty years, whose affairs are now in liquidation. Had he in his possession at the present time the amount he has paid for insurance, his affairs would have no need of being submitted to the process of liquidation, and himself would be saved the mortification of being pilloried as

a man who had paid less than twenty shillings in the pound. It requires powerful argument indeed to convince us that life assurance is the best investment persons of the class we have described can find for their money when they have little to spare. The truth is, it is absolute simplicity, and evinces great want of prudence, to be beguiled into the act of insuring life unless the way can be clearly seen to do so without inconvenience of a monetary kind; and persons who can afford to insure are usually those whose widows and families would not be left destitute in the event of sudden bereavement.

Then, again, we are told that assurance may be regarded as an economical mode of providing against the inequalities of existence by the long-lived having to pay for the short-lived and unhealthy; and that the families of those who die before the average length of years are thus made participators in the good fortune of those who live beyond, and that while they who are favoured with longevity have that privilege, they have also the benefit of dividing amongst them such of the profits of the institution as may be realised.

This may appear very satisfactory and conclusive reasoning on the part of an office, but inasmuch as the gain of one means the loss of another, it follows that life assurance cannot be a general boon; for although the man who dies young secures an advantage to his family, those who live beyond the age calculated upon have of course to bear the

burden. And many are the aged men now living who groan terribly at the amount of money they have paid, and feel how much more they would have made by it if used for the purposes of their trade. It is no argument at all to tell us that if they had not assured they probably would not have saved the money. We readily grant that the precise amount could not be pointed out amongst other investments, but it would be there in another shape notwithstanding; for the very circumstance of competency assumes the accumulation of the assurance premiums. And had adversity befallen them, the provision they intended to have made would have been unavailing because the policies must either have been sold to meet pressing demands or allowed to pass into the hands of creditors.

Many other beneficial results of life assurance are also insisted upon by the offices. They tell us such associations may be used as savings' banks for accumulating a sum of money payable at a certain age, or at death, whichever event may first occur. Also that loans are granted upon policies to the amount of their surrender value, and that it also affords facilities to debtors to satisfy their creditors, while to creditors it offers means of security!

Now if we examine dispassionately and without bias the advantage it offers to effect a loan, we must confess that, as regards any benefit the assured can get from such an operation, we are perfectly in the dark.

We will first assume an assurer wishes to borrow money on his policy from stress of circumstances ; the policy must have existed five years at the least before it is usually considered to possess any negotiable value. After that period he may perhaps borrow the surrender value, which he may reckon to be one-third of the premiums he has paid without any addition for interest. The rate of interest charged would certainly be not less than five per cent., for we are not aware that offices make loans on their policies at a lower rate than this. A mortgagor then of his policy stands thus :—He borrows of the office at five, while he only receives for his investment about three, perhaps less, perhaps nothing at all, the rate depending upon the office with which he may connect himself. The basis upon which we found this assertion may be explained in this way :—Take the premium of any established office, and see the number of years a person may be expected to live, then calculate the premium for that number of years with compound interest, and it will be seen that the amount comes to more than the sum assured, as we shall presently prove. We fail then entirely to see how any benefit can accrue from raising a loan on a policy. And as to its being a security to creditors, it surely can only be such so far as the surrender value is concerned ; and when a man gets involved in pecuniary liabilities, he usually disposes of his policy, if it has any saleable or surrender value, before it can come into their hands.

Notwithstanding we may bring some opprobrium upon ourselves for making such a statement, still we emphatically maintain that a policy can never be worth the money paid for it; and for a simple reason, amongst others which we could adduce, that the working expenses of an office cost, at a low computation, and in the most economically managed offices, from eleven to twenty per cent. of the annual income, while in many they are much higher than this. So that take the latter amount as a fair average, it does not need an accountant, actuary, or conjuror to show that the assured pays four shillings out of every pound towards expenses.

We are also told that assurance affords the means of making a settlement prior to marriage; and enables persons to raise money on life interests; and, in fact if we are to yield blind submission to the encomiums lavished upon assurance by many of the offices, we should, if not of a sceptical nature, be led to the inevitable conclusion that it is a speculation in which everybody, all the way round, must be great gainers; in fact, that it is a species of game of "Heads I win, tails you lose," in which all must win and no loss can possibly be sustained. In fine, that as soon as you have paid the first life premium you are in possession of a sound tangible investment, corresponding in magnitude to the amount a man may screw out of himself to derive the benefit of it at a time when his terrestrial necessities are terminated.

As regards making a life policy the subject of a marriage settlement, we do not dispute that such an instrument may be adapted to such a purpose; but we have a positive bias—it may be prejudice on our part—in favour of something more substantial in the shape of settled property; something which exists as an entity at the time the settlement is executed; something in the form of stock, money, shares, houses or land, which could be absolutely vested in the trustees, to be dealt with by them according to the terms of the settlement, and in which deed might be inserted full powers for the trustees, at the request in writing of the husband and wife, to change the investments from time to time, if deemed advantageous, for other securities of a substantial nature, which should be distinctly named; or to sell the stock and purchase freehold or long leasehold property, or to convert lands and premises into money, and disburse the same in the purchase of stock. This would be a settlement in substance and not merely in shadow, and such an one as, were we ladies, we should infinitely prefer to that of a life policy. But, next to nothing, perhaps a life policy is the best substitute.

Our remarks must be considered as general; and as there is nothing truer than the common axiom of there being no rule without an exception, so there will be exceptional times when a policy may be taken as the substance of a settlement; but this should rarely happen where the lady on her part

settles property in her own right, unless the gentleman has nothing to settle, and then it becomes "Hobson's choice, that or nothing." But we candidly confess it is not the kind of property we should be ambitious to be a trustee of. The only security we should probably have for the payment of the premiums would be the husband's covenant; but supposing his inability or unwillingness to continue the premiums, the position of a trustee is not a desirable one. To have to enforce payment by an action at law against the husband would not be looked upon as the most graceful action a friend of the family could perform—and a trustee of a settlement stands in this relation to the parties—but this he would be constrained to do, assuming the husband had the means to fulfil his covenant.

Where, however, the father of the husband is a man of substance, and enters into the covenant to pay the premiums during the life of the son, and binds his estate to set aside a certain sum to be invested sufficient to pay the premiums until the policy becomes a claim, this may be considered a satisfactory settlement of a policy, and is totally distinct from the bare provision prompted by office prospectuses.

Stirring appeals are also made on ethical grounds, and we are invited to believe that while other investments may fail, houses burn and topple down, banks break and their stock become worthless, home and foreign investments of divers kind be but so

many traps to inveigle the unwary, life assurance establishments are the only structures built upon the solid rock, and which can withstand the violent shocks and defy the commercial tornadoes which sweep away other institutions. And some affect to be so deeply enamoured with their favourite scheme as to assert that it would be nothing short of a national calamity and a dark period in the history of our country if the day should ever come when the public should view with mistrust or indifference the institutions which form the subject of this chapter. Our belief, founded on the disclosures of the courts, compels us to be rather sceptical as to assurance societies being the only stable ones in existence, especially when we call to remembrance the number that have appeared and disappeared so far as the benefits they have conferred are concerned, though not so as to the disappointment and misery they have left behind in the form of desponding assurers and beggared shareholders. And as to the intense gloom foreshadowed, we can contemplate such a catastrophe with equanimity; for certain it is that, with the expenses incurred in establishing and conducting the swarms of establishments, and the enormous waste of money spent in law and other costs in winding up the vast array of rotten concerns that have been called into being for the professed purpose of benefiting the human family, infinitely outweigh the benefits mankind or

womankind have derived from their philanthropic efforts.

Ignorance of the data upon which to build a calculation is no doubt the mother of many an assurance transaction. We shall, however, supply a table by which any person may see the number of years he may be expected to live, and this may be used as the basis of their computation for concluding how much an assurance is really worth, or, in other words, what a certain annual payment of so much is worth, payable at the end of the time the assured is, according to the average duration of life, supposed to live. The mode of making this calculation will be given after we have set out the tables.

We shall no doubt be told that there is the uncertainty of life. This we readily grant. But we deny that this should be a factor in making a calculation as to whether we are paying more for the article than it is worth. Contingencies should be omitted altogether, and only generalities relied upon; for there is no demonstration of Euclid more indisputable than that if, in life assurance, any number of persons receive in a joint concern more than their money's worth, another section of the same society must pay more in precisely a converse ratio.

For the purpose of assurance and annuity computations various tables are relied upon, such as the Northampton, the Carlisle, the Equitable, the Government, and others; but for any references or calculations we may have occasion to make, that of

Carlisle will be the one we shall have recourse to, as being in our opinion the nearest approximation to a fair average. The Equitable office is amongst the oldest institutions of the kind in the kingdom, having been established in 1762, and hence its experience of more than a century guarantees that its tables are founded on trustworthy data; and on comparison it will be found in the following table, which shows the probability of life, that the figures run nearly parallel with those of the Carlisle table. The Government tables show a distinction between male and female lives, the expectation of life of the former being shorter than the latter; but if we add male and female expectancy together and take the mean duration, we shall not be far from the Carlisle expectancy. We will test this by taking several ages at ten years apart, beginning at twenty and ending at sixty.

CARLISLE.		EQUITABLE.		GOVERNMENT.	
Age.	Expectation.	Age.	Expectation.	Age.	Expectation.
20	41'46	20	41'06	20	41'19
30	34'34	30	33'98	30	35'37
40	27'61	40	27'40	40	29'07
50	21'11	50	20'83	50	22'32
60	14'34	60	15'06	60	15'85

While thus the Equitable and Carlisle tables run closely together, those of Government, by adding together male and female lives and taking the average, show a greater probable longevity, and hence by adopting the Carlisle tables we cannot be suspected of unfairness or partiality.

TABLE No. 1.

EXPECTATION OF LIFE.								
Age.	Carlisle.	Equitable.	Age.	Carlisle.	Equitable.	Age.	Carlisle.	Equitable.
20	41'46	41'06	37	29'64	29'35	54	18'28	18'43
21	40'75	40'33	38	28'96	28'70	55	17'58	17'85
22	40'04	39'60	39	28'28	28'05	56	16'89	17'28
23	39'31	38'88	40	27'61	27'40	57	16'21	16'71
24	38'59	38'16	41	26'97	26'74	58	15'55	16'15
25	37'86	37'44	42	26'34	26'07	59	14'92	15'60
26	37'14	36'73	43	25'71	25'40	60	14'34	15'06
27	36'41	36'02	44	25'09	24'75	61	13'82	14'51
28	35'69	35'33	45	24'46	24'10	62	13'31	13'96
29	35'00	34'65	46	23'82	23'44	63	12'81	13'42
30	34'34	33'98	47	23'17	22'78	64	12'30	12'88
31	33'68	33'30	48	22'50	22'12	65	11'79	12'35
32	33'03	32'64	49	21'81	21'47	66	11'27	11'83
33	32'36	31'98	50	21'11	20'83	67	10'75	11'32
34	31'68	31'32	51	20'39	20'20	68	10'23	10'82
35	31'00	30'66	52	19'68	19'59	69	9'70	10'32
36	30'32	30'01	53	18'97	19'00	70	9'18	9'84

The foregoing table shows the expectation of life from twenty years up to seventy, and supplies the basis upon which every person may calculate for himself whether, by assuring his life at a given age, and paying a certain annual premium for the number of years he may be supposed to live, he is making a prudent speculation. We will try to put the *modus operandi* in so simple a shape that any person with

but a rudimentary knowledge of arithmetic may make the computation for himself; but before proceeding further we must insert the following table, which denotes the sum an annual premium of £100 will amount to from one year up to forty-one at the several rates of four and five per cent. interest. We have limited ourselves to that number, because the tables show that a person aged twenty may expect to live that time.

TABLE No. 2.

Premium and Interest at the end of the Year.	At the rate of Four per cent. Interest.		At the rate of Five per cent. Interest.		Premium and Interest at the end of the Year.	At the rate of Four per cent. Interest.		At the rate of Five per cent. Interest.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
1	104	0 0	105	0 0	22	3561	15 5	4043	0 6
2	212	3 2	215	5 0	23	3808	4 10	4350	3 6
3	324	12 11	331	0 3	24	4064	11 5	4672	13 8
4	441	12 7	452	11 3	25	4331	3 1	5011	6 4
5	563	5 11	580	3 10	26	4608	8 0	5366	17 8
6	689	16 6	714	4 0	27	4896	14 8	5740	4 6
7	821	8 4	854	18 2	28	5196	12 0	6132	4 11
8	958	5 6	1002	13 0	29	5508	9 3	6543	17 2
9	1100	12 1	1157	15 8	30	5832	16 0	6976	1 0
10	1248	12 7	1320	13 5	31	6170	2 3	7429	17 0
11	1402	11 6	1491	14 1	32	6520	18 4	7906	6 10
12	1562	13 7	1671	5 9	33	6885	15 1	8406	13 2
13	1729	3 9	1859	17 0	34	7265	3 8	8934	13 10
14	1902	7 1	2057	16 10	35	7659	15 9	9486	8 6
15	2082	8 11	2265	14 8	36	8070	3 7	10,065	14 11
16	2269	14 10	2484	0 5	37	8496	19 9	10,674	0 8
17	2464	10 7	2713	4 5	38	8940	17 4	11,312	14 8
18	2667	2 2	2953	17 8	39	9402	10 0	11,983	7 4
19	2877	15 2	3206	11 6	40	9882	12 0	12,687	10 8
20	3096	18 1	3471	18 1	41	10,381	18 1	13,426	18 2
21	3324	15 7	3750	10 0					

The mode of working out the calculation is as follows:—

The first year's premium, which must be paid directly the in- surance is effected . . .	£100 0 0
One year's interest thereon to the end of the year at four per cent.	4 0 0
	<hr/>
	£104 0 0
Second premium	100 0 0
	<hr/>
	£204 0 0
One year's interest	8 3 2
	<hr/>
	£212 3 2
Third premium	100 0 0
	<hr/>
	£312 3 2
One year's interest	12 9 9
	<hr/>
	<u>£324 12 11</u>

It will be seen by the preceding example that a person who pays a premium of £100 per year has at the end of three years paid an equivalent to £324, 12s. 11d. in premium, with interest at four per cent., which, it will be seen, agrees with the third year in the table immediately preceding the example.

As to the application of the two tables we have given, we would say, that suppose a person at twenty years of age wishes to insure, he will see by the first

table that the expectation of life is rather over forty-one years; at thirty, the supposition is that the duration of life will be thirty-four years; at forty, the continuance of existence will, according to the tables, be twenty-seven years. The expectation of life having been found by the first table, refer to the prospectus of the company in which you intend to insure to see the premium per cent. at the present age, then proceed to work out that premium by the mode we have given, at whatever rate of interest you determine upon, and you can soon satisfy yourself of the desirability or otherwise of assuring.

From the second table we have given it will readily be understood that if £100 in forty-one years, being the time a life aged twenty is supposed to live, produces £10,381, 18s. 1d., then £1 with interest at four per cent would amount to £103, 16s. 4d.; but if reference be made to insurance tables, it will be seen that the premium usually charged at that age is about £1, 13s. 6d.; or, in plain language, one pound for the risk, and thirteen shillings and sixpence for office expenses and contingencies. Or suppose the same person expects to make five per cent. for his money, then the case is very much worse, because an annual premium of £100 will produce £13,426, 18s. 2d., and consequently a pound would insure £134, 5s. 4d., or the sum of £100 would be met by an annual premium of 14s. 11d., instead of £1, 13s. 6d.

We do not think we can strengthen the position

we have taken, namely, that except under peculiar circumstances life assurance costs considerably more than it is commercially and fiscally worth.

It may be said that we have adopted an unfairly high rate of interest, but we have no hesitation in saying that a sane man could hardly be found in the universe who would invest his money in the purchase of a reversion payable at the end of a long term of years unless he could make at the least five per cent. interest on his capital, and we opine that a considerable majority of speculators would be reluctant to do so at that rate. Turn the subject about how you will, the payment of a sum of money at death is a reversionary interest, and the period at which it may be assumed to fall in is at the end of the number of years the person may, according to the average duration of life, be supposed to live. There is no other basis upon which a computation can be established; for, as we have before seen, the contingency of death before the allotted time is not an ingredient of the case.

Whilst indicating the price that should be paid for assurance, we would not hide the fact that there are times when persons should avail themselves of its use, even though positively paying greatly beyond its commercial value, just as there are times when a purchaser should give more than the intrinsic value for a house or an estate, because it has to him some extrinsic worth entirely distinct from the market price; as when a piece of land may be

situate in the midst of other lands belonging to the purchaser, or where a house may be for sale in which an intended purchaser contemplates opening an opposition shop. In matters of this kind a purchaser usually looks beyond the mere market value, and gives what he considers the worth to him, taking into consideration the bearing it has upon his other arrangements.

One of such assurance periods may be when a purchaser invests money on lifehold property; then, unless he can afford to say that, should the lives drop on the morrow, he possessed sufficient to render himself equally comfortable, and should, therefore, trust to Providence, it is clearly obligatory to insure the life or lives upon which the property is held, and treat the premium in the nature of a ground-rent; so that as long as the lives last the rent would be received, and at their decease the purchase money would be recouped by the assurance.

Another case is where a man has an expectancy, or perhaps we should say a vested interest, in a defined sum of money payable at the death of another person, provided he shall be then living. He wishes to raise a loan on his expectant interest; but how is this to be carried out? The only way in which such a loan could be secured with safety to the lender must be in conjunction with assurance. The mortgagee would not act discreetly in advancing the money without a policy on the life of the borrower, because should the latter predecease the life-tenant,

the security of the lender would be useless, and hence the safe course would be to insure the life of the borrower until the death of the tenant for life, if he did not wish to insure for the whole term of life, so that the borrower or his mortgagee would thus secure his principal.

Of course there are many complications in which assurance may be resorted to for rendering certain, as regards the payment of money, that which without such a contrivance would be doubtful, but the preceding examples will suggest the nature of such exigencies.

There are tables and calculations to meet almost every contingency, and it is to provide against uncertain events like those we have described, and others of a kindred kind, in which we consider life assurance may be used as the vehicle for rendering positive that which without it possesses all the elements of doubt and uncertainty.

We have now laid the subject candidly, and we trust fairly, before our readers, and shall leave them to use our suggestions and opinions as they may think meet; but the selection of an office we shall not invidiously point out, lest we should be suspected of partisanship.

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